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The story of the
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THE STORY OF THE FILMS

• THE LECTURERS •

♦
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THE STORY OF THE FILMS

AS TOLD
BY LEADERS OF THE INDUSTRY
TO THE STUDENTS OF THE
GRADUATE SCHOOL
OF BUSINESS ADMINISTRATION
GEORGE F. BAKER FOUNDATION
HARVARD UNIVERSITY

EDITED BY
JOSEPH P. KENNEDY
PRESIDENT, F B O PICTURES CORPORATION



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FOREWORD

THE Harvard Graduate School of Business Administration, in accordance with its practice of going directly to business for the cases that it studies, has invited the leaders of the motion picture industry to present their own story in their own way before one of its classes. Here we have a fully developed industry that has gone through its stages of development in such a short space of time that its pioneers are still in active control of its destiny. Their ready acceptance of the invitation to give their own views of the past, present, and future of their work and their hearty cooperation have opened the way for the study of the problem of one more great industry. For, it must be remembered, to the student this story is quite as full of business case material as it is of human interest to the general reader. The latter may well be thrilled by the unique aspects of the story. The student must dig deeper and discover underlying principles of general application in the business world.

W. B. DONHAM, *Dean*

PREFACE

IN EARLY March, 1927, two unusual announcements were made at Harvard University. One was that a course of lectures on the motion picture industry would be given at the Graduate School of Business Administration; the other was that the Fine Arts Department, acting in cooperation with leading producers, would select every year the best films of the preceding twelvemonth and preserve them in a special film library. It was explained in the announcement that the films so selected would not be records of historic events but that the criterion of choice would be "the harmonious synthesis of pictorial, narrative, dramatic, and histrionic qualities." Such a plan could not fail to arouse lively interest. That the oldest of American universities should recognize the youngest of the industries was only less surprising than that at the same time it should open its doors to the youngest of the arts.

The general reaction to this twofold announcement was one of pleasure and keen anticipation.

Those at the university accepted the motion picture as something more than an inferior kind of drama. It is, in fact, a new art, related to drama somewhat as painting is to sculpture. Even its acting, all in pantomime, differs from that of the stage, and its range of representation is wider. For one thing, crowds and pageantry

can be handled on a larger scale. Indeed, the full cast of characters in many photoplays would include, not men and women alone, but nature herself, as well as animals and inanimate objects; the storm-tossed ocean, the flooded river, the wagon train, have played leading parts; Rin Tin Tin, the police dog, Silver King, the white horse, have been veritable "stars."

The pictures are also more elastic than spoken plays, set in stationary backgrounds, can ever be. The scene may shift instantly from place to place, and back and forth in time, so that one picture comments on another in a sort of silent dialogue. It may change in scale and distance, now diminished, now prodigiously enlarged, now dissolved and disappearing, now blending into something far away. It may be dimmed or brightened, confused or cleared, whipped up, slowed down, turned this way and that, and shown from innumerable angles. The only limit of its depth is the horizon, of its height the sky. Obviously the photoplay has points of distinct superiority over the stage drama.

Its weakness, no less obvious, is its transiency. Where nothing stands still, nothing endures. The careers of the motion picture actors are generally brief; those of the majority of the plays almost ephemeral. The circulation of a popular picture is immediate and world-wide. Twenty million people may witness it in a year. But this vast diffusion is paid for by a corresponding brevity. The scenario writer and the director see their finest work flash upon the screen and fade away, perhaps into oblivion; whereas some book, of which a bare handful of copies

was sold while the author lived, may be read and treasured a thousand years afterward.

To prolong this abbreviated life, to rescue and preserve the best of these too perishable creations, some almost incredibly rich in significant beauty, is the avowed purpose of the Harvard film library.

THE SCHOOL

But, perhaps, the more arresting of the two announcements was that relating to the motion picture industry lectures at the Business School. About twenty years ago a school of business had already been added to the graduate departments at Harvard. Recently, through the generous gift of \$6,000,000 by George F. Baker, the veteran banker of New York, it became possible not only to develop this school but to house it in a special group of buildings. These are situated beside the Stadium at a bend of the Charles River opposite the Freshman Dormitories of Harvard College. They form an attractive student town, somewhat apart from the college "yard" and the city of Cambridge. Dormitories and dining halls, club-houses, an administration building, and library will, when completed, compose a picture worthy of the surroundings and of the great university.

Of all the departments of the university, the Business School is probably the least sectional in its membership. Only 15% of its students are Harvard graduates. Almost 200 other colleges are represented, and the men come from 44 states of the Union, besides 13 foreign countries.

There is also a sprinkling of regular Army and Navy officers, holding grades up to the rank of major. Taken as a whole, the students, numbering about 800, practically all college graduates, are a picked body of men.

During their first year in the school the students are trained in general principles. In the second year they aim to apply these principles and to develop initiative and executive capacity. The school has succeeded measurably in raising the study of business principles to a parity with that of the learned professions. In method, in thoroughness, and in standards of service it is regarded as a model of its kind. That its degree, awarded after two years of study, is itself a certificate of value in the business world would appear from the fact that the demand for its graduates is greater than the school can supply.

THE INDUSTRY AND THE SPEAKERS

That the Business School should have turned its attention to the motion picture industry was due to a happy chance. Among the younger graduates of the university who have achieved success in business is Joseph P. Kennedy. Mr. Kennedy, originally a banker, had taken the presidency of one of the large motion picture companies and in a little more than a year had brought it to a high level of prosperity. He was friendly with members of the Business School faculty and proposed to one of them a study of the industry with which he had become identified. The time was ripe for such an undertaking. Mr.

Kennedy's plan was nothing less than a series of addresses by the foremost representatives in every department of this widely ramified industry. On his assurance that he could bring them together—men scattered in their normal occupations as far as the Pacific Coast—the proposal was gladly accepted and the course was arranged.

In several respects the motion picture business is unique. Its product—mere shadows on a curtain—suggests the arts of the magician rather than the prosaic, everyday labors of men. Its mushroom growth, the reports of fabulous salaries earned and of the huge fortunes acquired, make it seem fantastic and legendary rather than real. In its adventurous and speculative features it has been compared to gold mining. Its potential social influence cannot be doubted. Its esthetic standards, wavering between intrinsic quality and commercial value, have revived ancient and seemingly interminable controversies. Yet the film industry is not less an industry because it provides entertainment or, as one of the lecturers puts it, because the commodity in which it deals is human emotions.

Here, then, was a presentation of the problems of a new industry, the first of its kind, industrial in its basis but touching life at so many sensitive points and affording room for so many different angles of judgment that it was sure to appeal not only to experts in business technique but to the whole public of motion picture patrons.

The group invited by Mr. Kennedy to interpret this business, at best little understood and in some quarters quite misunderstood, included almost the entire inner

cabinet of the industry, the heads of the largest companies and the chiefs of all its major departments. His success in persuading them to accept the invitation testifies to his personal standing, to the prestige of the university in whose name he approached them, and to their intuitive grasp of a rare opportunity.

Among these fourteen speakers are men of the most diverse types. There are the elder statesmen, if they may be so called, the pioneers, like Mr. Zukor, Mr. Loew, and others, who started small and ended large through the display of those qualities without which no explorer or discoverer succeeds. They dreamed and made their dreams come true—men of eagle vision, who saw the possibilities of the motion picture when everyone else was blind, nursed it through its cradle days, adventured their all of capital and energy on its future, and reaped great reward as the infant grew to a giant.

At their shoulders stand men of a different mould, the organizers, like Mr. Kent and Mr. Katz, who develop and stabilize the huge forces the others have called into existence. Though they appear at a later stage, these men are indispensable and are endowed with a genius of their own.

There are the artists, like Mr. Sills and Mr. de Mille, who traffic in less tangible values, yet without whom there would be no stories, no scenic pageantry, no thrills, no golden harvest pouring in at the box office window.

There are financiers, like Dr. Giannini, blended types, like Mr. Lasky, who combine practical and imaginative traits, and some, like Mr. Hays, who come from notable

success in other fields, realizing the importance of this art-industry in the life of the world, to serve as advisors and mediators.

Mr. Kennedy's characterizations in his Introduction to the course reveal them all, without exception, as interesting, and many of them as striking, personalities. The biographical sketches in an Appendix show their positions and rank in the industry. In the aggregate, these fourteen lecturers could certainly speak with authority on every phase of the motion picture business. It was the mysterious inner world of filmland, a fairy tale of personal hazard and success, on which the lectures were expected to throw light.

THE COURSE

On examining the crowded School calendar for a place to insert the lectures, it was found that they fitted aptly into the course known as Business Policy, given to second-year students and required for the degree. In this course "opportunity is offered," according to the catalogue, "through special lectures to become acquainted with the technical aspects of a limited number of industries." To this number the decision was made to add the motion picture industry.

Several lectures had already been given to the class by prominent bankers, manufacturers, and industrialists. The method usually followed in these instances was a series of addresses by a single lecturer, who discussed a specific industrial unit or a specific problem. The film

industry, however, as a subject of larger scope, was to be divided among more than a dozen speakers, each of whom would be asked to cover a phase of the subject with which he was familiar. Strict unity of development was to be replaced by a vivid variety of presentation. This treatment, it was realized, might lead to some overlapping, where the experiences of the lecturers ran in parallel grooves, and there would probably be differences of opinion; but these could hardly be avoided in an industry which was still in the formative stage, or at any rate much too young for the crystallization of empirical practice into dogma.

To Mr. Kennedy fell the task of arranging the schedule. He found the leaders, as he had expected, pleased at receiving recognition from a great institution of learning, but reluctant to come forward in person and talk to a class of graduate students. They were not teachers; with a few brilliant exceptions, they were not even public speakers. By urging his own double allegiance and emphasizing the reciprocal benefits of the plan, equally advantageous to the industry and to Harvard, he was able to overcome their diffidence. As the significance of the step grew upon their imaginations, they caught his own enthusiasm and entered into the spirit of the affair. Busy men all, they set aside other engagements and agreed to fit their time into a schedule of dates in March and April. Some of them came at great personal inconvenience, making long jumps across the continent. Two or three kept their appointments while convalescing from illness, one of these against his doctor's advice.

It is not hard to understand their attitude. Intellectual snobs and shallow moralists had found an easy target in "the movies." Yet the people at large had set their approval upon them overwhelmingly by a daily attendance that ran into the tens of millions and by a spread of motion picture houses throughout the country that, once it had gained headway, ran over the ground like a prairie fire. That a great educational institution should consider the defects of the motion pictures as temporary and unessential, or at any rate curable, blemishes was naturally a source of satisfaction to those who had made the purveying of this form of entertainment their life work.

The course opened on March 14, 1927, with a general introduction by Mr. Kennedy, in which he described and characterized the lecturers briefly and pointed out certain peculiarities of the industry, features which distinguish it from other forms of business. The concluding lecture, by Milton Sills, was not delivered until April 28. There had been a considerable break in the series, and the chronological order was more or less accidental. In this volume the arrangement has been made more consecutive and more in accordance with the original plan.

The whole senior class of over 300 students attended the course, which was given in the large hall of the Baker Memorial Library. A number of professors and first-year men were also in regular attendance. The attention was unusually close throughout, and the applause in every instance spontaneous and enthusiastic. At the end of each lecture, time was left, if possible, for a question period. During these periods the young men laid down a barrage

of eager inquiries that prevented anything like a speedy departure and more than once detained the speaker beyond the hour appointed for closing. The question periods show the background of alert interest against which the lectures were delivered. The class reveals itself, collectively at least, by its frank and intelligent questioning. As supplementing the direct expositions of their subjects by the lecturers, these discussions proved of a substantial value which has seemed to justify their preservation in printed form.

THE BOOK

The course was scarcely under way before inquiries began to be received about the prospect of publication of the lectures in book form. It was generally assumed that they would be so published. The printed comment conveyed a similar feeling of expectancy. The impression clearly prevailed that a series of addresses so unique in authorship and subject matter could not be permitted to remain in manuscript or in the rapidly fading recollections of a comparatively small body of listeners. Unless these and other indications of interest are quite misleading, a genuine and widespread demand has preceded the publication of this volume.

It must be said in all candor that the lectures, as printed, do not constitute a textbook. They are not a classified manual of the film industry. They do not in the least suggest the work of college professors. Though carefully prepared and proceeding in every case from a

fullness of practical knowledge, all but three of them were delivered extemporaneously. The reader, then, will not look for a formal, schematized presentation of the subject. What the lectures offer is material on which a textbook might be based, a starting point for systematic research. As such they are likely to prove indispensable.

The lack of stress laid on mere system by the group of founders is itself not without significance. These far-sighted pioneers did not begin with ready-made systems. They divined, as it were, the place the film play would occupy in the sphere of public entertainment and applied their energies to the task of developing and promoting it. They guided a natural movement and shaped its broad outlines until the very bulk of the industry compelled the adoption of that subordination of unruly detail, that discipline and economy, which we call system. Even at this stage the human element cannot be eliminated.

The lectures of the pioneer group are of interest not only for the information they contain but as human documents. Informally, colloquially, with a free sprinkling of anecdote and personal reminiscence, these successful men have told their stories. There is a touch of feeling as they describe the rise of the industry from its early period of arduous and unhonored struggle to its present phase of all but universal recognition as a medium of popular recreation, an incipient art, a vehicle of instruction, a device for the permanent registration of historic events, in short, a new and incomparable instrument placed in men's hands for the annihilation of space and time and the representation and expression of life.

The volume, then, is at once a comprehensive study of a major industry and a series of intimate personal histories. It is also not without prophetic passages. All the lecturers, without exception, are forward-looking men. They agree in their expectation that the future of the motion picture will be greater than even its present high estate.

And so it has come about that, while addressed to a body of students, these lectures have reached out to a wider audience. As in the theatre itself, the remoter background was the public—those uncounted millions who catch a reflection of images in a darkened theatre, support the whole burden of the industry, and obviously feel toward its outstanding figures an interest and an attachment which few manufacturers of the more prosaic necessities of life can ever hope to command. To the multitude of picture lovers, then, as well as to the students of the subject, this volume is dedicated.

Certain items which, it is believed, will add to the value of the book, have been placed in the appendices. These include brief sketches of the lecturers, the original announcement of the Department of Fine Arts relating to the proposed film library, with extracts from an article on this subject published in the *Boston Transcript*, and a short bibliography. A rather full index serves to analyze and classify under appropriate heads the necessarily somewhat scattered material.

For the bibliography, for the use of Mr. Kent's charts, and for many courtesies received during the preparation of the work, the editor is deeply indebted to members of

the Business School faculty. Without the cordial cooperation of Dean Donham the lectures could not have been delivered, and without the kind assistance of Professor Nathan Isaacs and Mr. Horace N. Gilbert, instructors in charge of the course on Business Policy, the task of putting them into shape for the printer would have been rendered much more difficult and less agreeable.

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THE LECTURES

I

GENERAL INTRODUCTION TO THE COURSE

JOSEPH P. KENNEDY

President of the F B O Pictures Corporation

Mr. Kennedy was presented to the class by Dean Wallace B. Donham, who spoke as follows:

I TOLD you the other day that this group of lectures on the motion picture industry would be a little different from anything that we have ever done, but it follows our usual method of breaking into a new field. With some variation according to the circumstances, we try to go into a new field through lecture presentations by men who are working in the industry and later on continue through investigation and research.

This particular course of lectures is unique in that it includes the whole industry. There is not anybody left outside. We have not often been so comprehensive as that.

Some weeks ago, Mr. Kennedy undertook to get the leading men in the industry to lecture here. It was a man's job but he is doing it. Frankly, I did not think he could. But he has had that kind of record since he left Harvard.

He is a Harvard College graduate of the year 1912 who has been a banker, on the stock exchange, and in

the shipbuilding business. He has come into the moving picture industry in the last fourteen months from the outside, having studied it first as adviser to some of the large banks who were loaning to moving picture enterprises. He is now president of the F B O Pictures Corporation, one of the half dozen largest companies. I take pleasure in presenting Mr. Joseph P. Kennedy.

MR. KENNEDY

Some of us are inclined to think of Harvard as a stronghold of conservatism. Some, perhaps, would like to keep her so. They forget that she carries the tradition of the New England pioneers. Like them, she has been making long voyages, exploring fresh territory ever since she was founded. Old and rich and settled as she is, her spirit seems perpetually young. She has never stood still, never become fossilized, never turned her face to the wall, lost in contemplation of her own admirable shadow.

Today she gives dual recognition to an industry which, ministering, as it frankly does, to the rank and file of the people, has never before received academic honors. The Business School welcomes a discussion of its economic aspects; the Fine Arts Department offers to enshrine the most exquisite of its fleeting products, thus investing them with dignity and permanence. Once more the ancient university has proved itself the home of liberal ideas. It has broadened the concept of scholarship and blazed a trail which others will follow.

REASONS FOR THE COURSE

There are several reasons why this course in the Business School seems appropriate and timely. First of all, the motion picture industry has attained a standing and a volume that makes it impossible for serious students of industrial conditions to overlook it. It is already the fourth largest industry in this country. Yet it is an industry that has developed only within the last ten or twelve years, and the men who will talk to you are the very men who started it, fought it through, and brought it to the successful pinnacle that it has reached today.

In the second place, it may be worth your while to consider why, in view of its splendid opportunities, relatively so few college men are in it. I do not mind telling you that there are desirable places in the industry which college men could fill. It has reached a stage of development at which it really needs the services of men like yourselves, men trained to analyze problems and build up solutions on the basis of accurate knowledge and approved mercantile methods.

Again, this industry has attained sufficient importance to cause some countries of the world to propose legislation against the American moving picture because it is proving such a serious menace to their trade. That sounds as if it might be exaggerated, but it is literally true. Germany has adopted the so-called *Kontingent* system. In England a bill has been introduced in Parliament which makes it necessary for all film companies that do business in that country to have at least seven and one-half per cent of English films to distribute with

American films. They are also trying to keep us out by heavy taxes. When I was in England this summer I talked with one of the men who represented England at the peace conference in Berlin. He told me that one of the most formidable trade obstacles that foreign countries were facing today was the fact that American films were serving as silent salesmen for other products of American industry.

If those things are true, if, for example, the American motion picture does stimulate American exports, it should be studied by a class like yours to find out what bearing it is going to have on the industries affected in this manner, some of which you may take up as your life work. All of you will certainly be interested in one way or another in the export trade.

THE LECTURERS

Now for the people who are going to talk here. I think the class is fortunate in the men we are bringing over to discuss this industry. We have practically every outstanding leader of the motion picture business on our list. I am going to run over the names briefly and give you an idea of what they do and what their functions are.

Will H. Hays will speak here tomorrow morning. Of course you have all heard of Will Hays. He is president of the Motion Picture Producers and Distributors of America, a unique organization. It consists of nearly all the members of the industry, that is, all the big companies. Its members contribute a certain amount

of their income. This makes a common fund that promotes the general usefulness of the motion picture and the general welfare of the industry. The Association started in 1922, when there seemed to be a need of vigorous house cleaning if we were not to forfeit a certain amount of popular good will. After four or five years of service as the head of this organization, Will Hays has made himself simply indispensable. He has had a vision of the motion picture house as a community centre. Big or little, as the case might be, it was to be a meeting place of all the people for clean recreation. This conception of it involved the necessity of putting the whole business four-square with the public, and Mr. Hays has done just that. His business judgment is shown in the establishment of the arbitration system throughout the United States, whereby the constant bickering between exhibitors and distributors has been settled. His moral influence has penetrated every motion picture theatre in the land. In consequence of his efforts we do not begin to have the complaints today that we used to have about improper pictures.

Mr. Hays was a national figure before he entered the industry and he is a bigger man now than ever. He is a resident of Indiana and a distinguished lawyer. He will tell you about the industry in general and will describe what has been accomplished by his organization.

Following Mr. Hays* you will hear Jesse L. Lasky, executive vice-president of the Paramount-Famous-Lasky

*The reader will observe once more that the arrangement of the lectures in this book does not follow their chronological order, which had to be accommodated to the speakers' convenience.

Corporation. Mr. Lasky was born in San Francisco but married a Boston girl. There was nothing parish-minded about that. In fact, he has never been a stay-at-home person. As a young man, he joined the gold rush to Alaska and was one of the first hundred there. Later, he led the Royal Hawaiian Band at Honolulu. In the course of his varied and adventurous career he has been a reporter in San Francisco and a vaudeville producer so original and creative in his ideas that to this day his musical acts are accepted as standards in the vaudeville business in this country. In 1914 he started to make pictures and in that field achieved even greater success. He has had a hand in most of the great pictures of the world. Mr. Lasky will talk on "Production Problems," a subject in which he is recognized as the very foremost authority.

On Saturday Adolph Zukor, president of the Paramount-Famous-Lasky Corporation, will be here. Mr. Zukor is the dean of the picture business and a tremendous personality. At fifteen he came here from Hungary, got a job at two dollars a week, attended night school, and learned our language. While he was engaged in a mercantile business, he became interested in what were then called "store shows." From those little enterprises sprang up this great business of which he is now the head, a merged corporation with assets of \$145,000,000.

You will be very much pleased with Mr. Zukor. He never raises his voice and has never been known to, even in argument in the industry. He is best noted for his modesty. When they attempted in New York to give

him a dinner at the opening of the new Paramount Building, he would only get up and say, "I do not think that this is any monument to me, as you gentlemen have suggested, but rather a monument dedicated to America, to think that a country could give a chance to a boy like me to be connected with an institution like this."

Mr. Zukor will be able to tell you a great deal about the early history of the industry, for he is himself one of the makers of that history, a great industrial creator and pioneer.

For the following Tuesday we have Sidney R. Kent, whose subject is "Distributing the Product." I know of no one better qualified to handle that theme. He is the general manager of distribution for the Paramount-Famous-Lasky Corporation, which means that in the all-important sales department of that world-wide corporation Sidney R. Kent is "the works." That alone stamps him as one of the outstanding figures in the industry, and his personal qualities would make him conspicuous in any position. He is the one officer of a company in whom every other company has confidence, the one man who is called upon to arbitrate every difference between companies.

Mr. Kent is a middle westerner, born in Nebraska. He worked for the Colorado Fuel and Iron Company and later became interested in the American Druggists' Syndicate. When the General Film Company went into bankruptcy, Frank Hitchcock was put in to liquidate its affairs and brought Mr. Kent in as his right bower. About 1918 or 1919 he was taken into Famous Players,

and his rise since then has been very rapid. I have no hesitation in saying that he will go higher still.

Next you will hear Robert H. Cochrane, vice-president of the Universal Pictures Corporation. He will talk on "Advertising Motion Pictures," and once more we are fortunate in having on our list a recognized authority. Mr. Cochrane was originally a newspaper man—one of the eight hundred recruits from that profession now holding important positions in our industry. At eighteen he was city editor of the *Toledo Bee*, the youngest city editor in the United States. Later he went into the advertising business and, twenty years ago, came into motion pictures. There he has left his mark on the advertising branch. He was the first man to put out "punch" advertising, starting with the Rainey wild animal pictures. He invented the "big splash" and "loud colors" and other devices for attracting attention that all the big companies now use. Mr. Cochrane is a student of his subject and a master of every form of picture exploitation in its relation to the stimulation of sales.

Dr. A. H. Giannini, who will follow Mr. Cochrane, is another interesting figure. He was a physician in California, a graduate of the state university. After serving as a surgeon in the Spanish-American war, he went into banking and became associated with the powerful Bank of Italy in California. Six or seven years ago he came to New York and started the Bowery and East River National Bank, which is now one of the successful banks of that city. His position in the motion picture world is unique. He took on the financing of this busi-

ness when hardly another banker in the country would touch it. The only exception that I can think of is Otto Kahn. Dr. Giannini has gone through the motion picture business from its inception. He is responsible today for the financing of many of the companies. Naturally, he will discuss the financial aspects of the industry. I am sure he will have something out of the common to tell you.

After Dr. Giannini comes a group of pioneers. The first of these will be William Fox, president of the Fox Film Corporation. Some twenty-odd years ago Mr. Fox was in another business. He saw the possibilities in motion pictures and invested the sum of \$1,600 in a tiny local theatre. Last week he bought the Roxy Theatre in New York for \$15,000,000. During all this time he has been one of the principal independents of the industry. Combinations interest him not at all. He is an outspoken advocate of free competition and has made his great success without leaning on anybody. At the present time he is interested in the movietone, an instrument for recording sounds and pictures simultaneously, but I expect another lecturer to cover that general field. I may say, however, that Mr. Fox is the only man in the industry who maintains a research department. This enables him to keep abreast of the latest technical developments. I have given him a free rein and am confident he will cover much interesting ground in his lecture. He simply could not be omitted from this course.

On the following Thursday the speaker will be Marcus Loew, president of the Metro-Goldwyn Pictures Corpora-

tion and of Loew's, Incorporated.* As you all know, he has a chain of theatres extending throughout the country. A New Yorker by birth and a former newspaper man, he came into this business through vaudeville, with which it has always had more or less affiliation. After a time he formed a partnership with Mr. Zukor, whose special interest was motion pictures. Finally he became a producer himself. He has brought out "The Big Parade," than which there has been nothing bigger or more successful up to the present time. He also made "The Four Horsemen" and "Ben Hur." I expect him to tell you something about his own remarkable career and to touch on the relations of the motion picture and vaudeville, a most interesting and highly practical subject.

This will be Mr. Loew's first public appearance since last September. He has been seriously ill but is very anxious to come here and tell you his story. I think we can all appreciate the fine spirit behind that. We owe him a special tribute of gratitude.

A while ago I referred to a lecturer who would speak on the instruments which synchronize motion pictures with accompanying music or voices. Harry M. Warner, president of Warner Brothers Picture Corporation, is especially interested in the vitaphone. He has shown his courage by accepting the responsibility for this invention and investing a small fortune—or perhaps I should say a large fortune—in the effort to make it perfect and to bring it before the public. He believes it will revolutionize the industry by adding one more miracle,

*See page 356.

greater than all the rest. A man having that message and the courage to back up his faith, as he has, deserves well of the industry and may prove to be one of its very greatest figures. Like most of the other pioneers, he started small. The particular egg he hatched out of was a little bicycle repair shop in Youngstown, Ohio. Now he and his three brothers own one of the great studios in Hollywood.

Sam Katz, who is to speak on "Theatre Management," can hardly be called a pioneer. He is the youngest man on our list, though the peculiarity of this industry is that all the pioneers are men in early middle age and still going strong. It is too new a business to have any Nestors. But Sam Katz is a man only thirty-three years old, with the best part of his career before him. He is president of the Publix Theatres, a chain which now reaches from New England to the Pacific Ocean. He has 160 theaters in New England alone. He also has ideas and ideals. His theatre service is organized as carefully as a Henry Ford factory. He even issues printed manuals of instruction for the employees. You will enjoy Mr. Katz and you will learn much from him. He will discuss the business where it touches the public directly, beginning at the very door of the theatre or even the waiting line on the sidewalk.

After a break of three or four weeks, which is unavoidable, we shall end the course with three very able lecturers. The first of these will be Cecil B. de Mille, president of the de Mille Studios. To tell the story of what Cecil de Mille has done would be to tell Who's

Who and What's What in motion pictures. No one stands higher than he as a producer and director. He is scheduled to talk on "Building a Photoplay." I hope he will say something about "The King of Kings," which he has just completed. It represents ten years of study and typifies everything that the motion picture hopes to attain. The power and the splendor of it are marvelous. It is the greatest picture the world has ever seen. In this masterpiece Mr. de Mille has surpassed himself. I can give it no higher praise.

One subject we have not reached yet is the short feature, the picture that runs half an hour or less. To discuss this we have secured Earle W. Hammons, president of the Educational Pictures Corporation. The title of this company is something of a misnomer. It really specializes in short subjects—that is, news reels and short pictures, principally comedies—and is the only company in the business today that does that. This type of business is entirely different from that of the big feature pictures and is very important. We are favored indeed in having Mr. Hammons, who is an expert in this department, if anyone is. Mr. Hammons' company also does some work in educational films, and he will try to cover that fascinating field, as well as the short pictures, in his address. He is a southerner and a man of wide experience, the type of clear-headed business executive with whom students of this school should feel right at home.

For a climax to the course we shall hear Milton Sills, a star of the First National Pictures Corporation. Some of you may have seen him in "The Sea Hawk" or one

of his many successful portrayals. He is a graduate of the University of Chicago and was a fellow in philosophy there before he took up acting and became a leading man on the regular stage. You see, we are showing you the best in this business. We want you to get the impression that we are a very highbrow crowd at Hollywood. But, seriously, Milton Sills is a great addition to our course—a brilliant thinker and a powerful speaker. I do not know anyone in the world better able to present "The Actor's Part," which is the subject he has chosen to discuss. I predict that his presentation will be a memorable one.

There is the list of speakers. If knowledge and ability and character count for anything, it is as strong a one as the industry could offer. In sketching their achievements and their characteristics I am doing what I can to smooth the way for men who are coming here at a considerable sacrifice and who will be in a sense our guests, and at the same time to prepare you for a series of talks which I know will be pleasant and instructive. I have only one apology—if that is the right word—to offer. Several of the lecturers have requested me to ask your indulgence because they are not accustomed to the public platform. I told them you were all hard-headed chaps who prefer information to oratory.

After this long preamble there is hardly time to broach any major theme; but out of the myriad aspects of this great subject I should like to touch lightly on a few points, and then hold myself open for the questions which I hope you will put to me freely.

PRICES

One singular item about motion pictures is the enormous range of variation in the prices charged different exhibitors for the same film. For instance, the Gloria Swanson picture that opened in Roxy's Theatre the other night may have rented in that theatre for \$50,000 for ten days, but nine months from now it will rent in Oshkosh or somewhere else for \$7.50. This condition puzzles the outsider at first, but it is a commonplace of the industry and the explanation is a simple one. Mr. Kent will probably give it to you.

QUICK SALES NECESSARY

In our business, quick sales are necessary. You can never put your product on the shelf. It will not keep. Its value is perishable in the sense that it is worth more when it is first released than it will be six months later. Hence the struggle is to get playing time—dates. You are always running a race with the calendar. The minute the picture plays in a given territory, it loses value there and your opportunity is gone.

HAZARDS OF THE INDUSTRY

There are about eight hundred feature pictures made annually in the United States today. How are they selected? In this connection I had an interesting experience recently. One of the magazine writers came to me about two months ago and said, "We would like to write an article about you. You have had some good pictures

this year." I was pleased and asked him, "What were they?" "One was the 'Red' Grange picture and the other was a picture called 'The Gorilla Hunt'." I said, "Let me tell you how the 'Red' Grange picture was booked." He let me, and I told him. Grange went around with a very astute manager named Pyle. After being turned down by others they came to me, and I welcomed them into my office. Pyle said, "This boy Grange is known all over the United States and he will be a great bet." I said, "Let's find out about that. Let me think it over for a day or two." I went home and said to my boys, aged eleven and nine, "Would you like to see 'Red' Grange on the screen?" Two shrill voices cried in unison, "Yes, we would!" And so we signed 'Red' Grange.

The "Gorilla Hunt," which is a picture taken by Ben Burbridge, was brought to my office and I was asked to look at it. I looked at it and in five minutes went out in disgust. About two weeks later a friend of mine who lived in Miami said that Burbridge had shown the picture there and the crowds had stormed the theatre trying to see it. I said, "Maybe somebody does want to see it." So we bought that picture. It is making more money than any feature picture of that type which has been on the screen this year.

BIG PICTURES

The so-called big pictures present a peculiar situation. Some of them are born big, but others achieve bigness on the way, and some have bigness literally thrust upon

them. It is hard to tell beforehand what the scale and the final cost will be. For example, the man responsible for "The Big Parade" is a fellow named J. J. McCarthy, who handles the so-called two-dollar pictures. While he was waiting in the studio one day they showed him some shots of "The Big Parade." The next day he saw the picture in its entirety and said, "Put some money into that and you will have a big picture." "The Big Parade" was originally built to cost \$250,000 and had been sold on the Metro program. On the strength of McCarthy's advice they put \$400,000 more into it and made it into a great picture, one of the most profitable pictures ever shown. On the other hand, millions have been sunk in spectacles on which the people simply turned their backs.

EXHIBITORS SELECT THE FILMS

Another point you must keep in mind is that the companies, as a rule, do not sell their pictures directly to the public. The exhibitor, that is, the man who is showing the pictures, who sits or stands in the audience, who is closer to them than anybody else, feels that he knows what the public wants. If he decides such and such a picture is good, he is in a position to make people take it. We sell to him. His judgment is final. We have to get by him to reach the public.

DIFFICULTY OF GAUGING POPULAR TASTE

Do these theatre managers really know what the public will like? Does anybody really know? Perhaps you

can answer that standing conundrum for yourselves when I tell you something about a star we have on our program, named Fred Thomson. He graduated from Princeton when I was at Harvard, then went on and got a Ph.D. After that he studied for the ministry, went abroad, returned, and finally decided to become an actor. Two and one-half years ago he started in a so-called "western" series. For that year's work he received \$8,000. On Saturday last he signed a contract for \$15,000 a week. He has the widest distribution outside of the big cities of any actor on the screen. He averages ten thousand contracts a year for every picture he makes.

There happens to be a house in New York that caters to a nice class of people, and we were anxious to have them try a Thomson picture. The exhibitor said it would drive his audiences away. "What they want," he said, "is flesh and the devil, and plenty of both." I said, "Try this Thomson picture. It won't cost you anything." He put it on. Now he plays "westerns" every week. He simply did not know his own audience.

Suppose we took a list of the pictures that were selected as the best of last season and tried to gauge the public taste by them. What a diversified product we should have! There was "Variety," a German-made picture of circus life, murder, and imprisonment, side by side with Gene Stratton Porter's "The Keeper of the Bees," a simple home story; "La Bohême," an immortal tale of love, beside "Beau Geste," which has come as near leaving out the love interest as any successful picture

can ever come; "Stella Dallas," a mother-love story; "The Sea Beast," a whaler's yarn; "Ben Hur," going back to the Gospel narratives; "Old Ironsides," dealing with the Tripoli pirates; "The Big Parade" and "What Price Glory," concerning the World War. And so it would go. There is no sure rule, no standardization of the product. Every picture must stand on its own merits. Every producer sits on the anxious seat till the voice of the people, the final arbiter, is heard.

HIGH SALARIES

You all know about our million-dollar stars. The reason these people get such high salaries is that they can be spread over so much ground. For a comparison and a contrast, take "Babe" Ruth. People lifted their eyebrows when Ruth demanded \$100,000 for a season of his baseball playing, yet in proportion to the incomes of men of his standing in our business, he is underpaid. It is not because the industry thinks these people are worth that much money, but because we have no choice in the matter. The method of payment is really a system of royalties, a percentage on earnings. If the public responds, by the time a picture has traveled all over the United States and all over the world, the income on it justifies the producer in paying the price the star asks.

SCENARIOS AND LAWSUITS

A good many people feel, after they have seen a picture or two on the screen, that they can do the thing better

themselves. An idea strikes them, and they are moved to write out a scenario and send it to the managers. Usually, of course, their efforts are rejected. For one reason or another they are not acceptable. Then our troubles begin. We forget the matter but they do not. A year later another story comes out based on some similar incident or showing some faint shadow of resemblance. The unsuccessful author thinks it is stolen from the story he submitted and carries the matter to court. Several notable cases of this sort have arisen. They are disagreeable and expensive. To protect themselves, many of the picture companies decline to read unsolicited manuscripts. We need stories badly and should prefer original ideas, if ~~we~~^{*} we could get them, rather than make over novels and printed books. But the experienced writers are still our best source of supply. From the others we get poor material, to say nothing of the risk of lawsuits.

EAST AND WEST

I suppose one of the things that may strike you as odd is that the distribution offices of all the companies are in New York City, while all the production is on the west coast. It is a great inconvenience, but it is impossible to have them both together. The truth is that nature has given to California certain advantages which make it the ideal center for motion picture production. It has sunlight, a good climate, with little rain. Within a short radius of Hollywood there are mountains, plains, deserts, rivers, ruins, city streets, the sea, pic-

turesque old Mexico. New York, on the other hand, remains the financial center. Other forces than our own wills have made these two places the twin capitals of the industry.

BANKING PROBLEMS

In talking with Dean Donham the other day about some of the peculiarities of this business, I made the statement that one reason why, until recently, banks had never recognized the industry was that they have been at a loss to understand our inventory. When we present the balance sheet of a picture company, our biggest item is what we call the picture inventory—in other words a schedule of the moneys invested in pictures. But the pictures are not yet released. All we have to show the prospective lender is a statement of costs. This is the one business I know of in which perfectly valid outstanding contracts never appear as an asset or mean anything at all on the balance sheet. Recently an attempt has been made to overcome this difficulty. A “best practice” balance sheet has been devised which more accurately reflects the assets.

Again, many bankers are at a loss to understand why a business which is on a cash basis, as ours is, needs short-term loans. The reason is that the motion picture industry is subject, like others, to seasonal fluctuations. The summer shows a slackening in the flow of receipts and a speeding up of production. It is necessary then to receive accommodations at the banks, and producing companies of the first rank, as Dr. Giannini will tell you,

are now given the same consideration as any other high-class legitimate business.

DEPRECIATION TABLES

I suppose I have really said enough for an introductory talk, but there is one point in the accounting end that may be interesting. That is the item of depreciation. Up to five years ago, the picture companies were unable to close their books. They always had to call in Price-Waterhouse or some other public accountants to strike a proper balance and tell them where they stood. To remedy this condition the accountants made up a depreciation table based on figures furnished by Famous Players, First National, and Metro on depreciation of negatives. Now, after four or five years, the companies find they have had such different experiences that each is maintaining its own depreciation table based upon its own estimate of residual values. That may be one of the reasons why the bankers have lately become interested in the business, because now they can get a balance sheet to their liking from anybody.

We have a little time left. If anybody has any questions, I shall be glad to answer them.

QUESTION PERIOD

The following questions were asked by members of the class and answered by Mr. Kennedy:

Question. Tell us about the labor situation.

Mr. Kennedy. This is the first year we have ever run into a serious labor situation. Up to now, the theatres have been fairly well organized, but the workers in the studios have not attempted to make any real demands on the management there. This year, however, they served notice that if we did not accept a closed shop at Hollywood, they would call a strike in the theatres. The income from the theatres is \$2,000,000 a day in the United States alone. It is obvious that when the strike hit a company like Famous Players or Metro, who have the big theatres, even a temporary tie-up might cause tremendous losses. We went into consultation and they finally left the question in the hands of Mr. Guy Currier, my associate in this business, who has become chairman of the board. He has worked out an arrangement very similar to the one adopted by the shipyards during the war, the so-called committee plan. Representatives from five of the studios meet representatives from five of the crafts and try to smooth out their differences. What we are trying to do is to maintain an open shop without prejudice to union labor. Up to date, the plan is working very successfully.

Question. How do exhibitors pay for a film?

Mr. Kennedy. They usually pay in advance or else the film is sent c.o.d. In some instances, charge accounts are allowable.

Question. Do they pay in proportion to seating capacity?

Mr. Kennedy. If they compete in a town where there

are two theatres, the price is based on the amount of money they can take in. The number of seats has a bearing in that you can multiply the admission charge by the number of seats and get an approximate idea from that.

Question. What is your method of distributing? Do you contract with a theatre to furnish all its pictures for a year, that is, do they buy the pictures without seeing them?

Mr. Kennedy. They must if they buy so far ahead. Besides, it would be physically impossible for an exhibitor to see every picture made. But we do not as a rule supply all the pictures. No one company produces enough for that.

Question. How much information does an exhibitor have about the pictures he is asked to buy?

Mr. Kennedy. They have what we call the "press books," which Mr. Cochrane may tell you about. We attempt to give the titles and authors' names, the subject matter of the picture, and the name of the director, but practically in many cases the exhibitor is simply told that he will have four Richard Dix pictures or four by Adolphe Menjou. Whether he ought to or not, the star carries the play.

Question. Do you sell for definite runs?

Mr. Kennedy. Usually, yes. Some play one day, some two, and some play four or five weeks, depending on the picture. In most territories they have a definite policy

of bringing back a picture for a second run rather than extend the first run and upset their program.

Question. Tell the relationship between the type of business you run and the type of business Famous Players runs.

Mr. Kennedy. Famous Players up to now has specialized in big features, plays which are made up for the big centers. Surprising as it may seem, the emotional play that has been prevalent on the screen, particularly in the larger cities, is not worth anything in the small towns. In the small towns they want action; they want melodrama. On the other hand, the melodrama pictures are not worth much in the big city houses. We cater extensively, though not exclusively, to the smaller houses.

Question. When you say you get as low as \$7.50 in Oshkosh for a picture, does that mean that is all you get out of a rental of that picture?

Mr. Kennedy. In that particular town. Remember, it is a net figure. The exhibitor pays the carrier charges.

Question. Does Will Hays's organization do any censorship of pictures?

Mr. Kennedy. Not censorship exactly. We do not believe in that. But if the Hays organization were to tell any of us that they considered a picture bad, we should adopt their suggestion and change it at once.

Question. They do not make a practice of seeing the pictures?

Mr. Kennedy. Oh, yes, they do. If there is any complaint about a picture, the Hays organization sends people to look at it. But you will hear from Mr. Hays on that subject. Ask him about it.

Question. I understood you to say a while ago that the moving picture industry is the fourth largest in the country. I did not know whether that meant in amount of money invested or what it meant.

Mr. Kennedy. My statement was based on the report of H. M. Lord, director of the Bureau of Budgets, Department of Commerce. The investment is approximately \$1,500,000,000. There are 21,000 theatres with an attendance of more than 60,000,000 people a week.

Question. Do you want to say anything about the major trends in the industry in the way of consolidation?

Mr. Kennedy. We are on the eve now of big consolidations. They have become practically necessary. Something has to be done to cut down the terrific cost of distribution, which amounts to thirty-five or forty per cent. Ours is an industry that lends itself very easily to consolidation, and they are all contemplating it at the present time.

Question. Can a new company break into the moving picture business today?

Mr. Kennedy. To arrive at an income of \$150,000 a week the company would have to invest approximately \$10,000,000 to \$15,000,000. The theatres are becoming circuited, and a new company probably would not have

much to offer in the way of a new kind of material. It might announce that it was going to make better pictures than anybody else, but the exhibitors might not believe them; and the exhibitors, as I said before, have the last word. They buy the pictures.

The dean tells me I must stop. Let me snatch a moment to say that this method which you practice of meeting industrial leaders face to face and even examining them orally tends to put industry on its mettle. It is going to lead in the long run to a mighty searching of consciences, in which our industry and every other must justify itself as a ministry to human needs. In the last analysis, every merchant and every manufacturer is a public servant, and all our works are, or should be, public utilities, even though we operate under a private charter. It is, I honestly believe, because they are eager to make you see them in this character that the chiefs of the motion picture world are coming here to tell you their stories. I can think of no other reason that would induce them to take so much trouble. If you are, in a sense, indebted to them, we who address you are your debtors as well for a golden opportunity to make our position clear and set ourselves right before the American public. For this opportunity I thank the great university which is my alma mater and especially the dean and faculty of the Business School and the members of the Fine Arts Department, who have omitted no courtesy and done everything in human power to make our presentation of the subject a success.

II

SUPERVISION FROM WITHIN

WILL H. HAYS

*President, Motion Picture Producers and Distributors
of America, Inc.*

(Mr. Hays and the speakers who followed him were presented to the class by Mr. Kennedy.)

THE importance of motion pictures is measured by the imperative necessity of amusement for the people. They are the very democracy of entertainment and, as such, have been taken into the hearts of the people everywhere. And make no mistake as to the importance of amusement. Just as you serve the leisure hours of the masses, so do you rivet the girders of society.

THE LECTURERS ALL PIONEERS

You are to consider the business side of the motion picture industry. In the next few weeks you will hear a series of lectures from the most distinguished men in this extraordinary business. These are men who have done the job. Each man who will speak to you is a pioneer. If they tell you of the trails that were blazed, the hardships that were undergone, the rivers that were bridged, the failures that were turned into successes, they will be relating their own stories.

You will listen to no lectures that are written from reference books. These will be stories of commercial struggles as told by the survivors—stories of advances, retreats, and final victories. Most of these men were without wealth or fame when they started in the motion picture industry. They have achieved their present positions through ability and perseverance. The motion picture industry has not been a business for lucky men. The men who were just lucky have fallen far behind. As these leaders explain the details of their work, you will realize that only men of courage and worth and often of real genius could have brought this industry to its present position.

It will be a splendid thing for the whole industry that these lectures should be given. Never before have these men told the stories they will tell here, never before have been presented such facts as you will hear. Always heretofore they have been too busy to write the details of their business as only they know them. It remained for this course in Harvard to bring these leaders to the point where they would consent to record their experiences for the purposes of instruction and as material for history. When the lectures are ended, they will make a textbook upon the motion picture business that cannot fail to be of substantial value.

CHANGES IN THE INDUSTRY

There is little wonder that the few and crowded years of the motion picture business have been in some respects

chaotic. The development of this industry is analogous to the development of no other. When keen men saw the commercial possibilities in it, they set out in feverish haste on the world-old quest for gold, as the forty-niners did when the word came from Sutter's Mill that sent them around Cape Horn and overland across desert, mountain, and plain, undaunted by peril, hardships, or savages. Picture pioneers set out to dig gold just as men went to get it in Alaska when the Klondike flashed its golden invitation to the spirit of adventure.

There was competition of the fiercest sort, of course. For that matter, there still is—and this is as it should be. But today the ethics of the competition are constantly higher. In earlier years the mere physical and mechanical expansion of the industry was so swift that there was neither time nor mood to consider adequately the moral and educational responsibilities inherent in this new thing.

But the old, careless, helter-skelter days are over. Those who pioneered in pictures are for the most part still with us, and those who have reached the heights are those who have put it on a sound business basis. Yet business is not everything in motion pictures. These men who will speak to you realize that they are the responsible custodians not only of one of the greatest industries in the world, but of a most potent instrument for moral influence, inspiration, and education and of the most universal medium of art that the world has ever known.

From the business standpoint, the motion picture industry has settled down and is operating along the sound,

common-sense lines which govern other American industries. The early reckless extravagance is no more. Much waste of time and effort has been eliminated. It is no longer the "motion picture game"; it is the motion picture business.

ITS RELATIVE IMPORTANCE

Some striking figures recently given by the Department of Commerce at Washington surprised even us of the industry as to the actual physical importance of our product. Let me read to you a few of these figures:

Of the world's land the United States possesses.....	6%
Of the world's population our people make up.....	7
Of the world's wheat we grow.....	27
Of the world's coal we dig.....	40
Of the world's telephones we use.....	63
Of the world's corn we grow.....	75
Of the world's automobiles we make more than.....	80
<i>Of the world's motion pictures we produce more than..</i>	<i>85</i>

Thus has developed a business that is American all the way through. Let me remind you that one American, Thomas A. Edison, invented the motion picture and that another, George Eastman, made its successful development possible by the manufacture of the photographic film.

SOCIAL ASPECTS

Far beyond this physical or commercial importance of motion pictures is their importance as an influence upon the ideas and ideals, upon the conduct and customs of those who see them. In our own country they are the

chief amusement of the great majority of our people; the sole amusement of many millions. Each week it is estimated that ninety million Americans patronize our theatres, from the huge and elaborate palaces in our great cities to the tiny halls in the crossroad villages. We recognize the definite rights of these millions. We have not only every obligation but a very genuine desire both to learn what they want in the way of entertainment and to aid in developing their taste and appreciation for the finest drama, music, and literature.

Measuring our every action is a definite sense of our personal responsibility. In no other commercial activity is there such conclusive demonstration that honesty is the best policy. No other business depends more upon public confidence. In no other business probably is good will so definite a factor of profit or loss. Any intelligent study of the business aspects of motion pictures must recognize this responsibility to the public as a whole and to the most sensitive forces and elements within that public. You must approach the whole matter not only from the standpoint of those who have millions of dollars invested in the business but also from the viewpoint of fathers and mothers who have millions of children invested in the business.

This is not a discussion of the social aspects of the situation. No one could reasonably demand, nor would the public tolerate, that all motion pictures be constructed to fit the psychology of the child. The general run of pictures are not now, and never will be, intended especially for children. There are, however, certain stand-

ards of common decency that apply to all ages and they shall be established and maintained.

Incidentally, the absurd statement has been made that seventy-five per cent of our motion picture audiences is made up of children. As a matter of fact, only eight per cent are children. Impartial surveys made by disinterested organizations show that in the Manhattan theatre district of New York City, for instance, the proportion of children in the audience, by actual count, is as low as three to four per cent and in the residential urban districts it is eight per cent.

THE THREE DEPARTMENTS

The motion picture industry is divided into three parts—making the pictures, selling them to the theatres, and showing them on the screen. These departments are known as production, distribution, and exhibition. Production is manufacturing. Distribution is wholesale selling. Exhibition is retail selling. You, as students in a business course, are concerned with each department.

Every industry is apt to consider its problems as different from those of every other. A little study, however, shows that the basic problems of one are the basic problems of all. This is true, in a general way, of motion pictures, although there are certain details in the manufacture and sale of motion pictures which, because of the nature of the product, have no parallel in any other industry. These features you must keep in mind when considering this industry on its business side.

HUMAN ELEMENTS PREDOMINATE

Motion pictures are not dead things to be regulated like commodities such as freight and food. They are not wares, to be monopolized and traded in by tickets and statutes or marked like iron and soap. They are more than merely a few thousand feet of celluloid film on which a series of photographs has been recorded. They contain a potency of life in them to be as active as the soul whose progeny they are. They are evidences of human thought; and human thought, on which all progress depends, cannot be safely tampered with.

Ours is a problem of the distribution of shadows—billions of shadows every day to millions of people. These shadows when thrown upon a screen produce emotions, and when these emotions are pleasing we have made a good sale—we have satisfied a customer.

These shadows are registered on a film in the manufacturing plant—the studio—and shipped in metal cans by the distributor to the theatre manager who has rented them. He, in turn, delivers them to his customers by running the film through a projection machine and throwing the shadows on the screen.

In manufacturing we have problems a little different from those of the ordinary manufacturer. Ours is a business dependent almost entirely upon man power. A studio delivers satisfactory product if it has the right kind of people. Lights, cameras, film, properties, costumes, settings, are necessary tools, but an extremely small part of the process of production. We must have people—people to direct, to write, to act, to photograph.

And those men and women must be artists, every one of them.

THE DEMAND FOR VARIETY

There is no such thing as standardization of product. Every successful picture must be different from any that has gone before. It is as if an automobile manufacturer had to turn out an entirely new model every week. Today he might offer a car with three wheels; next week one that was taller than it was long; followed by one that ran backward and leaped like a greyhound. Fortunately for the automobile manufacturer, there is no demand for such variety in his product. In the world of the motion pictures there is. Entertainment must be varied. There is standardization only in that the popularity of certain stars is rather well known and that the ability of directors, camera men, and scenario writers can be measured fairly well. Of course, the news reel is wheat in the bin, a standard commodity. Among the feature pictures, too, "westerns" follow well defined rules—a good story surrounded by riding, thrills, and fine outdoor scenery.

NO DEFINITE FORMULA

In most cases, however, there is no definite formula that a producer can follow to insure a good picture. So we have a plant turning out a product that will be used throughout the world by millions of persons daily, and the manufacturer is never sure that he has a salable article of merchandise. The cost of production varies, for feature pictures, from \$5,000 to as high as two or

three millions. The average is perhaps around \$100,000. This sounds like a sheer gambling of \$100,000, but it emphatically is not.

THE SECRET OF SUCCESS

The law of averages, for one thing, protects the motion picture investment. Added to this is the law of common sense and an amazing knowledge, on the part of the producers, of the wishes of the peoples of the world in regard to amusement. Juvenal, in the hey-day of his power, remarked that his writings were not appreciated. He said that the people of that time cared for nothing but their food and their games. He need not have sneered. They cared for nothing but life and the relaxation from life, and that is as true today as it was then.

The progress of the industry, the fact that in every city and in nearly every town the finest place of amusement is a motion picture theatre, the undisputed evidence that motion pictures have shown remarkable improvement in the last few years, all prove that these successful men do have an uncanny faculty for satisfying their customers.

No other art has such a high average, and this high average is maintained through man power. Hollywood has become a tremendous influence upon the peoples of all the world. I could spend all of my allotted time telling you how the motion picture is selling goods abroad for every American manufacturer. It will be of interest

to you as students of business to give no small thought to the fact that "Trade follows the film."

STIMULATION OF OTHER INDUSTRIES

Through motion pictures we are bettering living conditions everywhere, especially in the small towns. No longer does the girl in Sullivan, Indiana, guess what the styles are going to be in three months. She knows, because she sees them on the screen. She realizes that the designers of gowns in motion pictures are among the greatest in the world, that their information from fashion centers is correct and always ahead of time.

The head of the house sees a new kind of golf suit in the movies and he wants one. The housewife sees a lamp of a new design. Perhaps the whole family gets a new idea for redecorating and refurnishing the parlor—and down they go to the dealers to ask for the new goods. Ask any small-town retailer and he will tell you of the influence of the movies. There are no more out-of-date towns. The fathers and mothers who come to New York from a little town in Oklahoma do not differ in dress from New Yorkers—do not differ even in knowledge of world affairs. It was not so long ago that a boy from any small western town could be picked out the moment he walked on the campus of Harvard. Now almost any of them would pass as being direct from Fifth Avenue. They are getting their ideas from the movies, many of which are shown in Sullivan only a few days after they appear on Broadway.

SALARIES

The employment of people to make motion pictures is a tremendous problem, as you can readily see. A company that employs a staff large enough to make many pictures a year is in a safer position, usually, than a company that produces only a few pictures, because it can afford to experiment; because one failure is covered by many successes.

High salaries are paid in motion picture production, but high salaries, as in any other industry, are regulated by the law of supply and demand. The only reason one actor receives a very high wage and another a small salary is that the producer knows that if he invests his money in a picture starring the first actor the enterprise will probably show a profit, while if he invests his money in the capabilities of the other actor, the public will refuse to pay. The same applies to directors, writers, and photographers. Remember, too, that a stage star appears in one place at a time—a screen star appears in hundreds. Thus the returns are multiplied many times.

The producers try never to put a production into the hands of incompetent people. When you do see a picture that has been badly made, it usually is because a producer has used the "trial and error" method of selecting his people and has guessed wrong. Give him credit, however, for trying. Only through such experimentation do we advance.

The salaries of the actors, directors, camera men, and assistants alone make about thirty-five per cent of the total cost of a production. This does not provide for

the pay of scenario writers, workmen, architects, designers and makers of costumes, carpenters, electricians, and others.

ANALYSIS OF PRODUCTION COSTS

Each dollar spent in production is divided, on an average, as follows:

Actors' salaries	\$0.25
Directors, cameramen, and assistants.....	.10
Scenarios and stories.....	.10
Sets (manufactured)19
Studio overhead (including management, cutting, assembling, and titling of the film).....	.20
Costumes, gowns, etc.....	.03
Locations (rent of grounds and properties and transportation)08
Raw film05
Total	<u>\$1.00</u>

THE FREE CASTING BUREAU

We have established in Hollywood an institution that I believe is unique in industry—a *free* casting bureau for extra people. In Hollywood and its vicinity are produced approximately ninety-eight per cent of all the pictures made in the United States, and the companies employ through this bureau those actors and actresses who receive \$15 a day or less.

Many of the actors and actresses are under contract. The extra people cannot be contracted for, however, because one day a company may need a thousand and for weeks thereafter may not need twenty-five.

The free casting bureau is operated by the producing companies, and there are registered 18,000 persons who are qualified to work as extras for one reason or another. Some are qualified because they have wooden legs, others because they possess fine growths of whiskers, some because they look like Italians or Germans or French, some because they own dress suits and can wear them in a distinguished manner, some because they own horses and can ride them.

The casting director of a company decides how many extra people he will need for the next day and lists their qualifications. Perhaps he indicates certain individuals he wants. This list goes to the Central Casting Bureau, the proper persons are notified, and they report the next morning. They are told what clothes to bring. If they are to work late, they are warned to bring overcoats to keep warm. If they are to be in scenes in which they will get wet, they are notified to bring a change of clothing.

SUPPLY OF ACTORS OUTRUNS DEMAND

The casting bureau registers now only those extra people who are actually needed. There is a much larger supply than demand for ordinary extra people in Hollywood. Children and pretty girls, for instance, are a drug on the market. The industry wants new faces and talent always, but the question of the extra has been more or less of an economic and social problem. A definite effort is now being made to hold down registra-

tions so that those who are capable may be able to make a fair living.

These extras work from day to day. Each day's work is a job. Some 259,259 jobs were given in the last year—an average daily placement of 710 at an average wage of \$8.46. The total wages paid out to extras during the year were \$2,195,395.65. The extras who work regularly manage to make about the amount earned by the average clerk or stenographer. Some have other means of livelihood and get a day off from their jobs now and then to work in the movies.

Sixty-eight per cent of the placements last year were men, twenty-eight per cent were women, and the rest were children. These figures are a blow to the beautiful girls who believe that Hollywood is longing for their art and to mothers who think their children would add distinction to the movies. Only twelve children a day, on an average, are employed through the casting bureau. These children are under the care of teachers assigned by the Los Angeles Board of Education and paid by the producers. No children may act in the movies unless they are well up in their school work. School hours are maintained in the studio.

SELLING THE PICTURES

After the pictures are finished, duplicate prints are sent to the thirty to forty-five branches that the distributors maintain throughout the United States. Prints also go to branches in Canada and to foreign countries. Some

companies make three negatives and one of these goes to Europe, where duplicate prints are made.

To consider intelligently the selling of motion pictures, you must keep in mind one basic difficulty in the sale of this commodity, whether wholesale or retail. No one knows, before it is shown, just what a motion picture is worth. Its value is regulated by what it earns in each theatre, and that figure is not known until after the sale is made.

A manufacturer of shoes can set a price on each model. Of course, the law of supply and demand has its effect, but this law in his case works in a rather leisurely manner. He may hold his stock on the shelves and is not forced to make immediate sales. But the law of supply and demand for a motion picture rides on a thunderbolt and usually leaps out of a clear sky.

A picture that costs half a million dollars to make may be actually worth a rental of \$500 a week when shown in a certain theatre, while a picture that costs one-fifth of that may be worth twice as much to the same theatre. If the public does not go to see a picture, the price charged by the distributor was too large. If the theatre plays all day long to standing room only, probably the price was too low. This has led to many cases of "percentage booking," whereby the theatre pays as rental a certain percentage of its receipts. This system has obvious difficulties, of checking and accounting. There are approximately 20,000 theatres in this country alone, and it would require an army of agents to check them all.

THE PROBLEM OF PERCENTAGE BOOKING

Your professors ask for "problems" to be studied by this class. Here is one. The greatest authorities on sales systems have worked upon it. Show us exactly how we can, in a practical manner, have an assured successful percentage booking system.

ARBITRATION BOARDS

We have in the motion picture industry a system of arbitration between buyer and seller which has been called "the outstanding example of commercial arbitration." In three years our arbitration boards have disposed of 35,650 cases, involving \$7,374,661. Only 92 of these were litigated after submission to arbitration.

The American Arbitration Association, in a statement issued on February 28 last by Lee J. Eastman, chairman of their trade board, referred to the efforts of our arbitration boards in this way:

"The report reveals that in this large industry, representing investments of a billion and a half dollars, 12,566 trade disputes, involving approximately \$3,000,000, were kept out of court by the use of arbitration clauses in the organizations' contracts, thus insuring the industry against the acrimony and ill will often engendered by law suits.

"Thirty-three arbitration boards in leading cities throughout the United States decide business disputes between the buyers of motion pictures (the theatre owners) and the sellers (the motion picture distributors). These boards are made up of three men chosen by the distributors and three chosen by the recognized organizations of theatre owners, or, failing the existence of such organization, by the president of the Chamber of Commerce or by the mayor of the city. If the six men cannot come to a decision,

a seventh is chosen by the six, or in New York City is designated by the American Arbitration Association.

"It is highly significant of the character, ability, and integrity of the arbitrators that in only 25 cases was a seventh arbitrator required. In other words, the original board of arbitrators experienced no difficulty in making 5,451 awards in 5,476 cases.

"The report shows further that of the 12,566 complaints filed, 5,018, involving \$807,081.77, were settled before the date of hearing, and that 5,476 awards were made in cases involving \$1,356,233.78. With this great calendar of cases, only 71 were litigated after submission. Only one case was taken to court before submission to arbitration. One thousand and seven cases, involving \$300,959.98, were pending at the end of the year.

"For the third year the motion picture industry is setting an example to other trade organizations and to the business world generally of the most inexpensive and speediest way in which to keep their business relations on an equitable and amicable basis."

That is an official statement from very high arbitration authorities.

These cases have a wide range because of the many and various details in the system of distributing the motion picture films. They include claims for damages made by exhibitors whose films did not arrive on time, claims of distributors for film contracted for and not played, damages sustained by theatre owners because the shippers sent the wrong pictures, and so forth. Most of them are small. The average for three years is \$207 per claim. The arbitration system provides quick justice in thousands of cases that never would go to court but which would remain as a constant source of irritation between buyer and seller. The system is a constant builder of good will and an enormous saver of time and money.

THE ASSOCIATION OF PRODUCERS AND DISTRIBUTORS

This activity is sponsored by the Motion Picture Producers and Distributors of America, Inc. You, as students of business, should know of this body, which is unique among trade associations.

Those who make and circulate motion pictures united five years ago, and this association was chartered on March 5, 1922. Their purposes were and are the following—I quote from our articles of incorporation:

“Establishing and maintaining the highest possible moral and artistic standards of motion picture production, and developing the educational as well as the entertainment value and the general usefulness of the motion picture.”

That is no vague gentleman's agreement. It is the legal statement of a legal purpose by a legally organized body, and I submit to you that no purposes could be of greater importance or more worthy of the encouragement and actual support of all well-wishers for better things.

ITS MEMBERSHIP

Our organization, the Motion Picture Producers and Distributors of America, with the purposes I have just quoted, was formed with nine member companies. It has grown constantly since then until today it comprises the twenty-three most important corporations which produce and distribute pictures. It has had a sound, healthy growth. The companies are just as keenly competitive as ever in their quest for material from which to make their photoplays, for actors and actresses to perform in

them, for the quality of their product, and in their efforts to sell that product to the theatre owners when it is finished. But they are absolutely united in their efforts to carry out their declared purposes and to make the motion picture what it should be in the fabric of society.

ITS ACCOMPLISHMENTS

To recite the activities of the period would require the time of their accomplishment, but I want to tell you some of our efforts.

Our first move was to attempt to improve the wholesomeness of our entertainment. The motion picture theatre is a community meeting-house. There gather the families—fathers, mothers, and children. Motion picture success is based entirely upon ability to please the entire family, and the success that has come to the industry, the real affection with which it is regarded by the millions, is genuine proof that we are succeeding in that effort.

There has become rather prevalent of late a certain type of book and a certain type of play that deals in theme and situation with certain topics which in previous years were discussed only in whispers. Many persons have asked, "Why haven't we seen these in the movies?" The reason is very simple. We were determined that this type of book and play should not become the prevalent type of motion picture and to prevent this we set up what we call "The Formula."

"The Formula" is this:

When any member company is offered the screen rights

to a book or play of a probably questionable nature, its representatives immediately inform the offices of our Association, representing about eighty-five per cent of the producing elements. If the judgment of the member company to the effect that the picturization of the subject matter is inadvisable is confirmed, a notice is sent to all the other member companies, giving the name of the objectionable book or play. Such company members, thus having their attention directed to the subject in question, have the opportunity of avoiding the picturization of the novel or play.

More than a hundred and fifty books and plays, including some of the best sellers and stage successes, have thus been kept from the screen.

EFFICIENT CONTROL BUT NO CENSORSHIP

Our method, which is of course thoroughly legal and which has proved efficient, is not censorship in any sense of the word. No censorship could have brought about the results which have been attained. At the same time, our formula does not by any possible interpretation limit the production of vital or artistic pictures. Any method which did that would fail absolutely. Some pictures have been made which might very well have been omitted. A few have been made which should not have been made at all. But the standard of the whole is very definitely advancing. Not so long ago we had one fine picture a year. Now scarcely a week goes by without the showing of some really great picture. We have had literally

hundreds of wholesome, interesting photoplays that well served their purpose of entertainment.

ENCOURAGEMENT OF WORTH-WHILE PRODUCTIONS

We have established an "open door" policy through which we invite the public to help us with our problems. The public has responded. Important representatives of all religions have helped us, before production, to make sure that pictures having religious themes were properly and accurately presented. Organized groups have given substantial aid in making a financial success of fine pictures that would otherwise have been financial failures. This support has encouraged producers to invest further in other worthy productions.

The great picture, "Abraham Lincoln," for instance, started out as a failure. We called upon the public, through a number of national organizations, to help us save "Abraham Lincoln." We knew that if this picture failed, it would deter producers from risking large investments upon similar pictures. The public rallied to the support of "Abraham Lincoln." All over the United States organizations responded with something more than handsome resolutions and hearty cheers. They went right down to the theatre and paid to see the picture. They liked it and told their friends to go. This happened in five thousand cities and towns, and "Abraham Lincoln" was turned from a failure into a success.

We have helped to develop religious pictures for exhibition in churches. After several years of intensive work

with great educators, members of this association are preparing teaching films for use in classrooms. This method of education will have an enormous effect for good upon the teaching methods of schools and colleges.

WIDE RANGE OF ACTIVITIES

We are showing pictures on shipboard to immigrants as they are brought here from foreign countries. These films give them a concrete idea of the country to which they are coming and outline ways and means by which they can become good citizens and make a good living. We have given films to leper colonies in the Canal Zone and in the Philippines. We have sent pictures to Eskimos in Alaska to teach them about the United States. We furnish entertainments to thousands of "shut-ins" in prisons, hospitals, orphanages, and homes.

We have cooperated with the American College of Surgeons, and pictures will be made for use in preventive and remedial medicine. These will include pictures of surgical operations performed by the masters in their craft, done in color, with slow motion, and magnified so that the details of the most intricate operations can be studied. They can be shown to surgeons in all parts of the world over and over again until they are able to duplicate the work of the masters. We cooperate with the governments of all nations, that our pictures may correctly portray the habits and customs of every country to the citizens of every other country and thus bring better understanding between the peoples of the world.

INTERNATIONAL ASPECTS

Hollywood has become an international enterprise. The motion picture seeks the best in science and art, in literature and business, in religion and the humanities. It is drawing from every corner of the world the greatest artists and artisans to aid in its service to the world. American films may predominate in every country in the world, but every country is contributing to them. Great numbers of those in key creative positions have come direct from supreme accomplishment in other countries.

A recent survey of important actors, directors, and camera men in Hollywood showed that 60 were Englishmen, 26 were Canadians, 23 were Germans, 16 were Russians, 12 were French, 10 were Austrians, 11 were Swedes, 7 were Italians, 6 were Hungarians, 4 were Japanese, 3 were Mexicans, 3 were Danes, and others came from India, the Argentine Republic, China, Rumania, Brazil, Poland, Czecho-Slovakia, Serbia, Ireland, Switzerland, and Turkey. The reason for this is obvious. Artists who heretofore have been able to reach thousands can now with this new medium reach millions. The extension of possible service commands them.

THE PICTURES A UNIFYING INFLUENCE

Now let us go one step further—beyond the field of entertainment, beyond the field even of education—and regard for one moment what I personally believe may be the greatest potentiality for good possessed by the motion picture. It may become the greatest instrument ever em-

ployed for bringing about better understandings between man and man, between group and group, and between nation and nation. When we know one another, we do not hate one another. When we do not hate, we do not make war. Wars and lesser conflicts are caused because groups and peoples do not understand each other's ideas and beliefs, each other's backgrounds and ambitions. Were all these things clear, there would be no hatred, no bitterness, and no war.

The motion picture knows no barrier of distance. We are apt to look upon the distant group or nation as something different from ourselves and therefore inimical. The motion picture knows no barrier of language. We are apt to regard those who do not speak our own tongue as different and inimical. But a few thousand feet of celluloid film in a metal container can be sent to the ends of the earth to speak the language which everyone understands, civilized or savage—the language of pictures. Under the benign influence of familiarity with each other, no matter where we may dwell or how we may speak, the world, I believe, is bound to grow better, and this is one of my greatest hopes for the motion picture. Thoughtful administrators of the great nations of the world are coming more and more to realize the possibilities of the motion pictures and are lending their aid to it in important ways. Our own government is cooperating closely, and we are ourselves determined that at every opportunity a true portrayal of American life and ideals shall be given to the world and that to the nationals of all countries shall go a true picture of the lives of the nationals of all

others. That has been a very definite purpose, as definite as the reduction of production costs.

Let me give you an instance of what I mean. A producer was going to make "The Eternal City." I called the Italian Ambassador, Signor Caetani, on the telephone, and told him we wanted to make this correctly from Italy's standpoint. He came to New York the next day. Signor Caetani is a most distinguished man, the richest man in Italy, a graduate of Columbia University who examined mines in this country, then went back and marched beside Mussolini in a black shirt in Rome. He collaborated with us, and for three weeks a man from the Italian Embassy met with the producer, the scenario writer, and the director, going over the scenario. We made a picture thoroughly sympathetic and pleasing to Italy and told a true story of things as they are.

PAST AND FUTURE OF THE INDUSTRY

The accomplishments of the motion picture have indeed been great, and its future is infinitely greater. It has carried the silent call for honesty, ambition, patriotism, hope, love of country and of home, to audiences speaking twenty different languages, but all understanding the universal language of pictures; it has brought to narrow lives a knowledge of the wide world; it has clothed the empty existence of far-off hamlets with joy; it has lifted listless laboring folk till they have walked the peaks of romance and adventure as if they were the pavements of their own main street, with laughing lips and healthy

hearts; it has been the benefactor of uncounted millions.

While today there is little to apologize for and much to be proud of, there is still a great deal to be done. That is why I welcome these occasions. They enable us to tell the public "What's *right* with the movies." We are greatly heartened in our efforts at further improvement by the knowledge that you and others like you give us your understanding, your appreciation for what has been accomplished, your sympathy with our problems, and your constructive advice and cooperation.

III

ORIGIN AND GROWTH OF THE INDUSTRY

ADOLPH ZUKOR

President, Paramount-Famous-Lasky Corporation

IT IS indeed a privilege to have the opportunity to address a class in Harvard College. You gentlemen living here and developing your ideals and ambitions here are so close to the institution that I do not believe you can appreciate the opportunities you have. To a man like myself who never had the chance of a college education, this is a great opportunity, and if I am a bit nervous it is not because I am not glad to be here. Even if it should be an ordeal to talk to you I do it with pleasure and I hope that it may do some good.

MODEST BEGINNINGS

I may begin by referring to my early experiences in the business. About twenty-two years ago we had "Hale's Touring Car," which was a Pullman car constructed with the rear end open. A picture was thrown some twenty feet from the rear, and one would turn around, as if in an observation car, and watch the scenery. These pictures were taken in Switzerland, Italy, and all parts of the world. That was the first moving picture that attracted my attention seriously. I thought it was very

interesting and I knew that it would appeal to most of the people. William A. Brady, a theatrical manager in New York, who had bought the rights for that state, asked me to join him in exploiting this form of entertainment.

We started out by taking a store on Fourteenth Street and put this Pullman car in. We made the front of the store look like a depot and we were able to get films for about six different tours. The first day was a big success. It was very interesting. We also had a lecturer who pointed out the interesting points, such as mountains, rivers, and buildings, and I felt sure we were on the road to success. But it did not last long because there were not enough subjects to make changes. We found that after about two weeks we had to repeat the subjects and, of course, when they were once seen people were no longer interested. Pretty soon we found ourselves with no business.

We approached all of the people who had made pictures in this country—Edison, Biograph, Lubin, and Selig, and the Belasco Company—and tried to get them to supply these travelogues, but they did not think we could dispose of enough to warrant their spending money for the negatives. So we had to shut down.

VOGUE OF THE CHASE PICTURES

In the meantime they had been making a lot of short subjects that ran about 150 to 200 feet in length. By putting together several of these, they made up 1,000 feet of

what they called "chase pictures." Many of you will remember that every picture finished with a man who was painting, or washing a window, using a ladder. Somebody passed by and kicked the ladder. Then he ran away, and the man who was painting ran after him and the police chased him, and the dogs and the cats and the children ran after him. That was the climax of every picture; it seemed they could not think of any other.

We were compelled to remove the cars and put seats in our stores and show these chase pictures. That lasted about three years. All the subjects were of much the same type, though occasionally some director hit upon the idea of making a picture with a story to it that had some heart interest. Each time we were lucky enough to have a subject of that kind our business felt it. The response to that kind of picture was surprising. It was really a foretaste and a prophecy of what we have now.

THE MECHANICAL SIDE DOMINANT

At this time the men who made these pictures earned most of their money on the projection machines. The main business of the Edison Company, as well as of Lubin and Selig, was to make these machines. Naturally, they all concentrated on the mechanical end of the business. That was very necessary and very important for this reason: In those days you could buy a projection machine for \$75 or \$95. People with money or with a substantial business would never think of opening a little store show, but as long as it did not take more than \$300 or \$400 to

open up a theatre, a good many small investors took a chance, and that helped to develop the business. The making of these low-priced projection machines made it possible for a number of store shows to come into existence, without which I believe there would be no moving picture industry today. The great number of these store shows created a market for the moving picture producers and gave them an opportunity to develop.

THE SEARCH FOR PICTURES

The novelty of the chase pictures began to wear out, too, and about 1907 or 1908 we found ourselves where we could not carry on the business profitably. There were plenty of pictures made but they were so much alike that there was no more public interest in them.

In those days when anybody wanted a lease he had to put up a good deposit and take the lease in his own name. I had taken about fourteen leases and found myself where I had to go through bankruptcy to get out of the leases or else continue in business. I chose to continue in business. So I made every effort in this country as well as in Europe to obtain pictures. They were making the best pictures in Europe then, in France and Italy. We did not make very good pictures in this country. As luck would have it, the Pathé Company in Paris made a picture, "The Passion Play," which was in three reels and hand-colored. That was really the first picture of any consequence that I can recall. When I saw that picture I made up my mind to bring it to America.

SUCCESS OF THE PASSION PLAY

We arranged for an organ and a quartet to play and sing appropriate music. I did not dare open in New York. So we tried it first in Newark. We were on a street adjoining a big department store and opened up Monday morning. A great many of the bargain hunters—I mean the ladies—dropped in early to see and hear the performance. As they walked out, I stood at the door eager and anxious to hear the comments. People with tears in their eyes came over to me and said, "What a beautiful thing this is." I felt instinctively that this was the turning point, that my rent would be paid from now on.

About eleven o'clock, a priest who was in the audience came over and said he thought that showing a picture like that in a theatre was sacrilegious and he would have to report it to the city authorities. I could see that rent staring me in the face again, so I had a talk with him and asked him what objection he had and why he objected. He said he did not object to the picture itself, that everything in it was fine, but that the subject belonged to the church and not the theatre. He did not think the church and the theatre had the same mission. I told him the plight I was in; I told him my circumstances; I told him all about it, and I said, "If you have this place closed you see what will happen to me." He looked at me and sympathized and he thought he would let it go, and so the picture stayed on. We stayed on with that picture for months and did a land office business.

That gave me courage to go into New York and

wherever else I had theatres, and we showed that picture with the same success everywhere. Then it occurred to me that if we could take a novel or a play and put in on the screen, the people would be interested. We should get not only the casual passers-by but people leaving their homes, going out in search of amusement. However, I had no experience in making pictures and nothing was farther from my mind. I did approach all the producers then in the business and tried to sell the idea of making big pictures.

At that time the producers numbered ten, and so many store shows had jumped up—thousands throughout the country—that there developed a great demand for the one-reel and two-reel pictures that were being made. They were so busy turning out these pictures that they would not undertake anything else. In fact, they did not believe that people would sit through pictures that ran three, four, or five reels. I tried for a number of years to convince them, but nobody would undertake to make big pictures.

A VAUDEVILLE COMBINATION

I had no faith in the pictures as they were then. There were other managers who had been very successful in vaudeville theatres and used these one-reel and two-reel pictures for "chasers." I then took a few houses and ran vaudeville and pictures jointly, and the combination was a success. Yet I never gave up the idea that finally developed in later years.

As a vaudeville operator, I was in partnership with

others, including Mr. Loew, who had had a great number of vaudeville theatres. One day in 1909, someone made the suggestion that we all join and make one corporation out of these theatres. Mr. Loew had the greater number of theatres, so we adopted the name of Loew Enterprises and all my vaudeville interests were melted in the Loew Enterprises. I made a condition that I would put my interest in but that I would not take any active part in the business, because it was not the thing I had in mind. My mind was made up on these pictures.

FURTHER STUDY OF THE PHOTOPLAY

Turning my interests into the Loew Enterprises gave me an opportunity to be foot-loose. I was well taken care of; the corporation paid good dividends, and from 1909 to 1912 I made a study of moving pictures. I traveled all through Europe and this country, watched the audiences, and was interested in any picture that had a subject that I felt would appeal to the public. In my own mind I wanted to verify whether my judgment was right. I would go to a theatre, take the first row or sit in a box and there study the audience and see what effect the picture had on them. So I was pretty certain in my mind after the experience I had had in watching audiences that I could use a subject and not go very far wrong.

STAGE CELEBRITIES SOUGHT

In 1911 I made up my mind definitely to take big plays and celebrities of the stage and put them on the screen.

While I was looking around to get an organization together, word came to me that Sarah Bernhardt was appearing in Paris in a play called "Queen Elizabeth" and that she would be willing to put that play into motion pictures for \$35,000. Of course that was an awful lot of money. There was a Mr. Porter at the head of Rex, which was the trade name of a one-reel picture released weekly. They knew I was interested in going into this big picture making. Sarah Bernhardt's agent cabled to Mr. Porter, and he came to me with the proposition and said, "I merely mention it to you, because the price is prohibitive." I asked him what it was, and he said she wanted \$35,000. I said, "All right; I will take it," and we cabled \$5,000 that very day.

SARAH BERNHARDT IN QUEEN ELIZABETH

That was in November, 1911, and in March, 1912, we released the picture in this country. By the time that picture was finished there had been formed what was called the General Film Company and the Patents Company. They had everything in their control. The Patents Company controlled the patents not only of the camera but of the projection machine, and they made it a condition in leasing a machine that only their pictures could be shown on the screen. So I found myself with "Queen Elizabeth" and no place to go. There was only one thing I could do and that was to take the legitimate theatres. I went to Klaw and Erlanger and got bookings. It was in the spring, and there were not many

shows on the road. I booked Daly's in New York and the Powers Theatre in Chicago.

We found that our matinees were fine. I remember in Chicago I stood in the lobby and I was very proud. We had almost a full house at the matinee. The show went off well and everything was lovely. A great many thought Sarah Bernhardt was there in person. I may mention that this was the first time lithographs were made of the pictures. We had used lithographs before, but they had nothing to do with the pictures shown. We also advertised in the newspapers.

Just about that time I interested Mr. Daniel Frohman in the enterprise and told him what I thought could be accomplished. He used his influence with the Patents Company to have this Bernhardt picture licensed, and that opened the doors and I was able to distribute the picture. I believe we had to gross about \$60,000 to cover expenses, but we took in enough so that our first experiment was not costly. We did gain the knowledge that made us absolutely certain that pictures of the right type had a great future.

THE FIRST AMERICAN PHOToplay

At that time Mr. Frohman had the late James K. Hackett under contract. He was on the road with "The Prisoner of Zenda." I asked Mr. Frohman to see Mr. Hackett, who was then playing in St. Louis, and explain that we wanted him to go into pictures and assure him that it would not hurt his reputation or affect his popu-

larity. Mr. Frohman prevailed on Mr. Hackett to appear in a picture, though it was a very hard job. At that time it was beneath the dignity of a well-known star to appear on the screen. But Mr. Hackett was a good business man as well as a good actor. He realized that this was an art that was going to amount to something and thought he might as well have the honor of being its first American star.

The first long picture made in this country was "The Prisoner of Zenda," with Mr. Hackett as star. We had all sorts of handicaps to overcome but finally, after a great deal of trouble, the picture was made. Of course, everybody who heard about it in the theatrical world thought I was crazy. Nobody believed that people would sit through a picture for hours as they would a play. There were all sorts of reasons why the thing would not succeed. However, when we finished the picture and had a showing at the Lyceum Theatre to invited guests and critics, the thing was pronounced a great success. The characters were recognized and called by name. People said, "See who is playing Black Michael! Look at so and so! Isn't that so and so?" The effect was tremendous. I was sure then that personalities plus a good story were all that we needed in pictures.

TWO MONTE CRISTOS

Following that we made a picture of "The Count of Monte Cristo," with James O'Neill. By this time the Patents Company had almost come to the realization that

perhaps I was right, and yet they did not feel like changing their method or their line of business. But when they heard that I was going to make this picture, "The Count of Monte Cristo," with O'Neill, they made another on the same subject in a hurry. By the time my picture was finished they had theirs in circulation, and, although it was so inferior to the one we made that it would not be in the same class at all, nevertheless the damage was done. I could not release mine because they would not license it as long as they had their own, and we had to put "The Count of Monte Cristo" on the shelf. That was our first financial setback.

THE RISE OF MARY PICKFORD

Just about this time Belasco had a little girl in a play called "The Good Little Devil." She played a blind girl's part and her name was Mary Pickford. I knew Mary Pickford had had picture experience, because she had been with Biograph a couple of years before and knew the camera. We had already discovered in making these pictures that the makeup and action required were entirely different from those of the regular stage. The regular actors did not have screen experience and they did not seem to want to learn. We tried people who were well advanced on the stage, but the director could not make them do things to suit the camera.

I felt, if we could get people who had experience on the stage and also had some camera experience, the results would be much better. It appeared to me that Mary

Pickford would be a good choice, so I made Mr. Belasco a proposition to produce "The Good Little Devil" on the screen. While the play was going on we would take the picture during the day. As soon as she came into the studio we recognized her ability, and I induced her to stay in the motion pictures permanently. Her salary with Belasco was \$175 a week. I offered her \$500. Of course, that was a great deal of money and she could not resist it. So she joined the Famous Players. About the same time we contracted for several other stars of Broadway, such as Mrs. Fiske, John Barrymore, and many others, and prepared to do about six pictures that year.

DIFFICULTIES IN DISTRIBUTION

As that plan worked along I found that we could not release the pictures through the General Film Company. We had to work out some other method of distribution. The only method we could think of at that time was to sell our pictures through state rights, meaning that to take care of a section like this we would organize the Famous Players' Company of New England; in Michigan we would have the Famous Players' Company of Michigan; and so on. We divided the country into fifteen units, and each unit would buy and distribute the pictures in a certain territory. One unit had no connection financially or otherwise with the others.

When we got to that point we realized that a distributor could not maintain an office and do business on six or eight pictures a year because the overhead would not

permit it. So we decided to make thirty pictures a year. We felt that that number of pictures would give an office about two and one-half pictures a month, and on that they could maintain an organization and run their business. So we made thirty pictures a year.

These state rights buyers to all appearances operated successfully, but they had no uniform policy. One man who owned a picture in New England would handle it on one policy and somebody who owned the rights in the west or in Pennsylvania would operate it on a different policy. For example, we insisted that our pictures should not be exhibited for less than ten cents. A good many of the exhibitors had been charging an admission price of five cents. In many places editorials were written, attacking the ten-cent charge. I remember distinctly in Colorado there appeared an editorial stating that there was no picture made that was worth ten cents.

We soon discovered that the state rights men in the different sections booked their pictures "hit or miss," that some were successful and others were not, and we found ourselves making no progress. We kept on making pictures and we tried to make better pictures, but as far as distribution was concerned the business was chaotic.

A NEW DISTRIBUTING SYSTEM

At this stage we called our state rights buyers to New York in the spring of the year, when we had our convention preparing for the next fall, and told them that we were not making headway and could not continue on the

same basis. Out of that meeting developed an organization which we now call the Paramount. A number of the state rights men got together and organized the Paramount Pictures Corporation. This distributing organization made a contract with Famous Players and also with the Lasky Company, which came into existence that same year, and with another company, I think the Morosco Company out in Los Angeles. These three organizations agreed to deliver to Paramount eighty-four pictures a year. The Paramount hoped to pick up twenty more pictures in the open market because a great many other companies had started out making big pictures. They felt that a hundred and four pictures, which meant two a week, would be the necessary supply to maintain the organization.

THE RATIO FOR PRODUCTION AND DISTRIBUTION

It may interest you to know that the arrangement provided for thirty-five per cent to the distributor and sixty-five per cent to the producer. That is about the ratio today. When we analyzed the cost of handling the product during the year in which they distributed our pictures, we found it had cost about twenty-five per cent to distribute and we figured they should have ten per cent net profit. We also figured that as the volume of business became greater the cost of handling would be reduced, and in this way the profit for the distributor would be proportionately increased. That is the way we established the ratio of thirty-five to sixty-five.

A UNION OF PRODUCERS TO IMPROVE QUALITY

When the Paramount organization took over these productions, they began to advertise the product nationally. Then we found that each producer tried to make pictures according to his own ideas without any reference to the other producers. The Famous Players had already established a policy of showing famous players in famous plays. We took well known stories and well known artists and used them in our pictures. The others had not developed that part of the business. When it came to national distribution their product did not meet with the response that ours did. The result was that the exhibitor would protest to the distributor and the distributor would complain to the producers. The pictures were uneven in quality and in drawing power. We found ourselves, therefore, in this position: that although distribution throughout the country was unified, the interest between the producer and the distributor was not one. The machinery as it was set up could not continue successfully and build up the industry.

So in order to get the product of a more uniform standard we felt that the producers ought to get together. Thus the Famous Players, the Lasky, and the Morosco companies put their business into one and the Famous Players-Lasky Corporation was organized. Then the Paramount Distributing Company was taken over about six months or a year afterward. That was the first time the producing and distributing departments were put under one management with one policy for the whole.

From that point on we continued until we had nearly all the well known stars within our organization. Then the fear developed in the minds of a good many exhibitors throughout the country that our control of the best material in the business was not a good thing for them, wherefore the First National Exhibitors Circuit was organized. Primarily it was organized to buy, outside of the pictures we controlled, any good pictures that might come into the country. Subsequently they decided they would go into producing themselves. We saw that coming. We often had meetings with them and pointed out that if the exhibitor was going to create product for himself and endanger the producer's outlet, particularly the first-run outlet, we could not hope to succeed in our business.

We were prepared to make any kind of an agreement with the exhibitors that would assure them that they would not have to pay more than they should for the product. But irrespective of whether our suggestion was practicable or not, there were ambitious people in their organization who were determined to go into the producing business for themselves because they felt that was the only way they could protect their theatres.

We had a very interesting conference in Los Angeles at which were represented practically all of the producers then in the business, like Metro, Fox, Famous Players, and others. There we met the exhibitors and pointed out to them that if they went into producing, we would have

to go into the theatres to protect our product, especially in the key cities.

At that time the finances of any one group were limited because we could not get credit from the banks. Financing ourselves was out of the question because the industry had not advanced far enough to enable us to do it. Confronted with this problem, I did not fear so much the fact that the exhibitors were going to make their own pictures. The danger lay in another direction. Most of the popular stars were in our camp, and the first thing the opposition would do would be to make overtures to them. Some of their contracts would be expiring within a few months or a year, and the exhibitors' organization, we felt sure, would make all sorts of inducements to get the stars to join them.

I told them if they did that, somehow or other I would protect my business by building or buying theatres. They laughed at me. They did not think I was serious. They went ahead and made an offer to Griffith, Mary Pickford, and two or three others, and very soon they had the whole business in an upheaval. All the stars were going with them, because they pointed out that they could do more for the stars. All I could do, they said, was to take their pictures and book with the exhibitors and, if the latter did not want to exhibit the films, I would be helpless.

THE STARS ORGANIZE INDEPENDENTLY

While these negotiations were going on, the United Artists organization was formed, and the stars, instead of

going with the First National, went into business for themselves and I was relieved of embarrassment on that score.

THE PRODUCERS NEED THEATRES

Still, the exhibitors' organization was a threat. So I came back to New York with the idea that one thing we must have was a house on Broadway. The Broadway house we had played in, the Strand, had joined the First National. That meant that I was out as far as the Strand was concerned. There were two other theatres on Broadway, the Rivoli and the Rialto. They were both the same type of house—first run.

I sent for the owners of these two theatres and told them we were out of the Strand and would like to make arrangements to book our pictures in their theatres. They hesitated because they were thinking of the high prices they had to pay for our pictures. I think we charged them \$1,000 a week. We are getting \$15,000 a week now. Finally they made a proposition to sell the theatres, which was just what I wanted. I said, "I will if the price is right." The man with whom I was talking took out a pencil and figured how much preferred stock they had outstanding and how much common stock and said, "We will sell the common stock at \$55 a share." I do not know to this day how many shares he had, but I grabbed him by the hand and said, "All right; I will take them."

The next day the announcement was made that the Famous Players had bought the Rivoli and the Rialto.

The stars and everybody in our world realized that the Famous Players had a plan and policy and that we were going to protect our business by having representation in the key cities. So we started out on Broadway, which was a great turn in our affairs. We now had two first-run motion picture houses which guaranteed us an outlet on Broadway for our product in the event that we could not at any time secure bookings in any other theatres.

THE NECESSARY CAPITAL SECURED

To build, buy, or lease theatres you have to have money. The capital in our business was a revolving fund sufficient to make the necessary pictures, but we did not have any money to go into the third branch of the business, namely, theatres. I approached different bankers and tried to sell them the idea of big profits in the motion picture business. They were very glad and wished me good luck and hoped I would succeed, but they did not see their way clear to participate in this lucrative business until one day I met Mr. Otto Kahn, of Kuhn, Loeb and Company. I thought that on account of his connection with the Metropolitan Opera House and his interest in theatres and artists I could refer to the possibilities of the picture business and perhaps he would be interested. I talked to him a bit and he told me that he was much interested.

A few days later he asked me if I would take lunch with him at his home. I went to his house and talked to him about what I believed to be the future of the pic-

tures, not only in this country but all over the world. I told him that America would make the best pictures, but that, after all, making pictures and distributing pictures were only steps in getting pictures directly before the public in the theatres. That was what we would like to do, but to do it we would have to have money to build or buy theatres. He thought that was a good idea, so we in Famous Players immediately got busy and prepared a statement. His firm did not accept our statement, not because we did not prepare an honest statement but because we talked too much of the future and they wanted to know more about the present. So they sent their own auditors in and formed a picture of the whole situation according to their own ideas. Then I waited again. There were a good many waiting days. Finally, although it was much against the policy of Mr. Schiff, who was then at the head of the business, to finance any industrials, nevertheless they made an exception in our favor. They felt that this business was something different. It was romantic. It had a future. After a few days' negotiations they gave me \$10,000,000.

I did not think that the whole industry was worth \$10,000,000. Coming back from Wall Street I said to myself, "Ten million dollars! What a responsibility!" That was the first time that I felt the responsibility of the public's money in my care and my obligation to make good with it. I had been very anxious to get this money so that I might go ahead in business, but when I finally got it I was worried. I realized now that having the management of the Famous Players meant something

more than getting your photograph in the trade papers every day and now and again in the daily papers.

THE PROBLEM OF THEATRE MANAGEMENT

Well, with Mr. Kahn's help we built or bought the theatres we needed. Then we were confronted with the necessity of managing them. When you have one or two theatres, it is an easy thing, but you need an organization to manage a chain of playhouses. We went along with the forces that we had on hand but we did not operate very successfully. We did not lose any money but we did not make any money. Our theatres answered the purpose. They gave us a permanent outlet for our product in the key cities, but when we took in some smaller communities I realized that we could not possibly continue on this basis. The theatres would have to be run as a distinct business enterprise. So we looked around for capable men to run them. We discovered there were some very capable theatre managers in the firm of Balaban and Katz in Chicago and, after going over the ground carefully, made an arrangement with them to manage our theatres on a percentage basis. Subsequently we acquired a controlling interest in their organization and placed the management of the theatres entirely in their hands. That happened last October. Although we had been in business fifteen years, it was only last October we felt that the producing, distributing, and exhibiting departments were all in capable hands. Every end of the business was at last properly organized.

I have given you an outline sketch of our business from its earliest weak beginnings up to our present position of established strength. You can see that every step ahead was a venture. It meant that someone had vision, someone worked out a plan, someone was willing to take the risk. Looking backward, it may seem to outsiders as if we could not help succeeding. The tide was running our way. But I assure you there were many anxious moments when, if we had turned up the wrong path, it would have led to disaster. There will be other anxious moments yet. We still have great problems and great opportunities for improvement. But we feel that we have accomplished something. We took the motion picture when it was hardly more than a toy and we made out of it a new kind of dramatic entertainment, the photoplay. We developed the production studio, the distributing exchange, and the theatre chain—three great instruments in the process of bringing the artist and his world-wide audience together. That is the record of our accomplishment up to the present time. I must leave it to others to estimate the value of what we have done.

IV

FINANCIAL ASPECTS

DR. ATTILIO H. GIANNINI

President, Bowery and East River National Bank

I WAS reading only a few days ago a book just off the press, written by Albert Mansbridge on the universities of England. It is based on a course of lectures delivered under the Lowell Foundation in this city of Boston in 1922. On the page preceding the prefatory note there is a quotation from Lyly's *Euphues* which runs something like this: "Oxford has buildings that are more stately, in Cambridge the houses of the town are more sumptuous, but learning is neither in the free stones of one nor the fine streets of the other, for out of them both do daily proceed men of great learning to instruct the people in all singular kinds of business and do good to all."

In this spirit and in accordance with a desire to keep abreast of the times and "to instruct in all singular kinds of business," your Dean has invited the leaders of this industry to acquaint you with a business that is today attracting the attention of the financial world. The speakers who preceded me and those who are to follow are the standards by which the progress of the motion picture industry is measured. I know them intimately; I enjoy their friendship; I value their great ability, and you are indeed fortunate in being in a position to listen

to men who were the pioneers and who are today in the forefront of this industry. That is a condition that you do not frequently meet, to be able to listen to the pioneers of a business who at the same time are the present-day leaders of that business. I am pleased to be associated with them.

Your Professor Copeland in his new *Reader* refers to Bacon's *Essay on Discourse* in which the author says, "To use too many circumstances ere one comes to the matter is wearisome; to use none at all is blunt." My reference to Mansbridge is, I trust, not wearisome, and surely I do not wish to be blunt, though I am going without further ado right to my subject. In obedience to Mr. Kennedy's command, this is to be a simple transient record of my individual experience.

THE FIRST LOANS

My first contact with the motion picture business dates back about fifteen years. The first man that I, as a banker, had anything to do with was the owner of a nickelodeon in San Francisco. He is today a director of one of the largest motion picture companies in the world. He also conducted an exchange; he bought and sold photoplays. These photoplays were exhibited in San Francisco and nearby cities. He had very little capital, as capital is reckoned today from a banking standpoint. I am not going to mention names nor will I mention pictures, but it became necessary for him to purchase a photoplay. He came to me as the officer of the bank.

He did not have the required three C's with which you gentlemen are familiar; character, capacity, and capital. But he did possess two of the C's, character and capacity for work, and I made him a small loan, which was paid at maturity.

He then wished to improve his theatre and install a new projecting machine and new chairs. He again sought credit and, for the same personal considerations *alone*, he was given that credit and again paid me off at maturity.

Then came a second man, who is today engaged in the industry as a highly successful producer. He likewise was conducting a small exchange, buying and selling photoplays. He informed me that there was a photoplay in New York for which he could get the California and western rights and that he desired a loan. At that time I considered the sum requested a great amount of money. No statements were presented. None of the usual standards whereby credits were and are measured were before me. The same personal considerations permitted me to extend that loan—character and capacity. The loan was quickly liquidated, as the picture sold rapidly and the proceeds came in fast. Similar propositions were submitted to me from up and down the state, and all loans were satisfactorily met.

A GROWING BUSINESS

A year or two elapsed. Only a few producing companies were operating. The star system was not yet in

vogue. There were men and women who were featured, but not in the sense in which they are featured today. Then more companies began to be organized, executives appointed, departments created, interdependence and coordination of those departments established, stories purchased, scenarios written, directors selected, photography studied and developed, special locations chosen. All those factors which make for a perfect and efficient producing organization were gradually developed, and the officers and directors functioned like those of any other legitimate business.

The executives of these companies came into the bank for credit—this was about ten years ago—and we then began to insist on financial statements before granting credit. We required the three C's—character, capacity and capital. These statements had to show the usual items of capital, merchandise, accounts and bills receivable, accounts and bills payable, amount of sales, dividends, if any, loans to partners or friends, contingent liability, and so forth.

BONUS SHARKS

Much of the financing at this time was done by certain individuals. They either loaned money at excessive rates of interest or participated in the profits. These were the so-called bonus sharks. I speak feelingly on this point because it was the one menace that struck at the very vitals of the industry and it was a deadly menace up to two years ago. I have attacked it repeatedly, and we

have pretty nearly succeeded in eliminating it entirely. These bonus sharks saw tremendous profits in the business and sought opportunities to invest their money, as they stated. They also charged a usurious rate of interest. We stepped in and made loans to deserving companies, thereby eliminating some of these so-called money lenders. Our loans were at the current rate of interest, with no charges for service or attorney's fee.

BANKS GENERALLY INDIFFERENT

The men that were being attracted to the industry were of a finer type; they were employing executives who had had business training. We took into consideration the element of experience, the element of judgment in the production of pictures.

The banks at this time were indifferent to this kind of credit. They were, indeed, very indifferent. There was an occasional loan made by a bank, but most infrequently. But my observation of the growth of the industry, even as far back as ten years ago, the hold that it had upon the public, the construction of theatres, the increase in seating capacity, the increase in comfort for the theatre-goer, induced me to believe that this was an industry that deserved the same kind of attention as any other legitimate industry.

SKEPTICISM IN NEW YORK

I then came east about eight years ago and I also found the banks in New York City exceedingly indifferent to this

business. I was a newcomer; I was in a new pasture; there were many grazing herds and the grass was short, and I was obliged to turn to a business that the other bankers did not particularly wish to finance. My California connections naturally introduced me into the moving picture offices of New York City, for here were located the executive heads.

I commenced to make loans as I did in California, and in a short time these loans ran into high figures. As ours is a national bank and a member of the New York Clearing House, it was subjected to examination by both the Clearing House of New York City and the National Banking Department. At each examination the examiners found upon our books large sums of money loaned to the industry, and I was criticised in the written reports to my board of directors. The criticisms were kind; the criticisms were well meant and as such considered by me. These criticisms all invited caution. Being a novice in a great city, it was probably thought that I might be easily victimized. In each instance, however, I was able to show that the loans were liquidated just as promptly as the loans made to any other company or any other individual. A clean record impressed the examiners.

A PRODUCER ELECTED BANK DIRECTOR

My own associates, officers and directors, were a little bit skeptical at first because of these written and verbal criticisms. It was then that I thought of inviting to sit with me someone in the industry who enjoyed the con-

fidence of everyone in it, and I had elected as a member of my board of directors one who still sits with me, whose name is known to you all and who is one of the leading executives in the business world. With his assistance I was able to placate my associates. Men in the industry, however, thought that possibly that move was not the right kind, because this director would be in a position, as they stated, to know the inside of the other fellow's business. This I thought was a false concept and I insisted that he remain and, in place of securing information detrimental to those in the business, he became a friend at court and assisted me in making those loans that were so necessary for the progress of the business. I subsequently invited and still have with me his brother, who also stands at the very top of this business.

VOLUME OF LOANS INCREASED

This condition continued, and our loans ran into millions. In these days we may have loaned at one time as high as \$5,000,000 to the industry, which is a substantial figure for an institution of our size, our resources being around \$90,000,000. Our bank in California with resources of \$650,000,000 has loaned as high as \$7,000,000 at one time. Many of these California loans come through my office, and I am pleased to report to you that at no time have I sustained a loss in this business. That is a record that I believe is exceptional and when stated it invites the admiration of everybody. This is not said in a boastful way, for we are not infallible, nor are we

in possession of a superior credit machinery. We were able to do this because we tried to know the men in the business and tried to know the value of the merchandise that they were selling.

WEATHERING THE PANIC

In the so-called merchandise panic of five or six years ago, when prices dropped thirty to seventy-five per cent over night on almost all kinds of merchandise, we were able to liquidate our motion picture loans exceedingly fast. I made the statement to the clearing house and to the national bank examiners that I could sell the picture of a star just as quickly as they could sell a good municipal or state or Liberty bond. I did not state this in an unpatriotic sense, but in order to show the liquidity of the merchandise that the men engaged in the moving picture business were handling and selling.

The picture of a great star is sold just as quickly as any known merchandise. The paper of any of the leading production companies I would and do consider as prime paper. Loans are promptly met when we make them to companies producing pictures featuring well-known stars. In extending credit today that is an important consideration. First, we wish to know something about the organization and its so-called capital set-up. Then we wish to know the star featured in the picture; we wish to know the story; we wish to know the director. Given an organization such as some of those operating, with a great star, a good director, a good story, and a

good distributor, I never hesitate to extend a loan on an unsecured basis.

AMPLE SECURITIES ONCE REQUIRED

In the earlier days we were obliged to take the negative as security for our loan. The negative was lodged in a laboratory. We insisted that the laboratory be one of a responsible company, and thus a laboratory receipt was tantamount to a warehouse receipt. So long as the negative print was in the laboratory, the picture could not be played in the theatre. Upon the payment of the loan the negative would be released and positive prints stricken from it. In many instances I have made loans secured by an assignment of accounts from the distributing company or the leading exchanges and even from theatres playing the picture.

These loans ran perhaps a little longer than ordinary. It would take from three to eight months to liquidate them. Loans secured by positive prints with such an assignment required notification. Of course, that was impracticable and it often injured the seller, that is, the borrower. He did not like to have the exchange office or theatre owner know that he was borrowing money. Therefore we soon eliminated the assignment of these contracts and the notice to forward the proceeds to the bank.

LOANS NOW OFTEN UNSECURED

We now loan money to the leading production companies without any security. We find that they are

entitled to the same consideration that we accord any other business in the bank. The only security I take today, when it is necessary to do so, is an assignment of proceeds of a picture from a distributing company. To-day in our institution, with the knowledge that we have of the company and executives, the information that we have as to who is to be featured in the photoplay, the cast, the story, the scenario writer, the director, and the location, it is easy for us to determine the amount of credit that should be given to any particular company.

BONUS SHARKS CAUSE FAILURES

I found in New York City that the bonus sharks were exceedingly active. They had the attitude towards these companies and producers that I call the Henry VIII attitude—one of cherishing a desirable princess for a while and then murdering her and passing on to some other fancy. They would loan money, charging an excessive bonus, and the high rates in a number of cases caused the failure of the borrower. Almost every large company that failed can trace its difficulty to this menace—the excessive bonus and the excessive rates of interest charged by these money lenders. I have been able to avoid losses because, when I saw the money shark step into an office, I stepped out, for their entrance into that particular organization was the alarm that kept me out. It was thus that my record on losses remained clean.

I have touched on what I call the more or less personal features in connection with this business. I was told that

I should approach my task in this manner. I was also commanded not to talk technical language. I do not know that I have covered the ground just as it should be covered. I am sure I have been elementary. My remarks must have seemed to you familiar indeed. I am reminded of the story of a naïve lady reading Shakespeare for the first time. Her comment was as classic as the work of the bard himself when she said, "Shakespeare's works are so full of familiar quotations."

QUESTION PERIOD

Question. What is the average length of time of a loan?

Dr. Giannini. We try to bring our loans into the so-called banking limits of four months. We sometimes make our loans six months, but never in excess of eight months.

Question. What proportion of the cost of a picture will you advance to the producer?

Dr. Giannini. That is a good question. If the producer has a good distributing contract—for instance, if Mr. Kennedy as a producer has a star, we will say for example, Fred Thomson—and that picture is distributed through a reputable distributing company that knows how to sell the picture, I might loan as high as the entire cost of production. I do not do that always, but if there is a good distributing contract in a good distributing organization, knowing my star and knowing the producer, I will not hesitate to loan the entire cost of production.

Question. Can you recover if the distributor goes bankrupt?

Dr. Giannini. If you remember, a few moments ago I referred to the loans that we made with an assignment of contracts, where the theatre owner was notified that the proceeds of the picture belonged to the bank. In that case I could recover because those moneys belonged to me. But without any notice being sent to the exhibitor or the distributor, I would fare to the same extent as any other creditor. I would not have any first lien or prior right or any preference. I would have to take my chance with the rest of the creditors and take a loss if necessary. If I worried about my distributing company, I would insist on the distributing company sending me the contract and I would then notify the maker of the contract, thereby conserving my rights. If I do not do that, then I am in jeopardy.

Question. Do you always loan on specific pictures, or do you establish a line of credit?

Dr. Giannini. I establish a line to well-known companies. The leading companies get an unsecured credit because of the confidence we have in the company and the general knowledge we have of the type of picture they are making. We know, for instance, the production program of all the leading companies and, having that knowledge of their production program, we do not hesitate to give them a clean line independent of who the star might be.

Question. What does the balance sheet of a moving

picture producer look like? And what kind of a current ratio do you require?

Dr. Giannini. The statement of a picture company is more or less complicated. It presupposes a familiarity with not only the high spots but also the details of this industry. The chief item is that of merchandise. I use the word "merchandise" not in a derogatory sense, but as the word which you find on all standard forms of statements. The value of the merchandise (or pictures, if you please) is hard to determine, for it is a variable figure. Some producers consider their photoplay as possessing exceptional merit and naturally place a high value upon it. Only the box-office results furnish the correct appraisal. However, certain well-known stars possess a more or less fixed box-office appeal, and their exhibition value can be approximately ascertained. We can, therefore, appraise such merchandise with fair accuracy. This is based on past performances. Pictures without stars are more difficult to appraise. At times the author of the story will draw a certain amount of patronage. At other times the director as well as the producing company itself may have an earning power. Here is where it is necessary for the banker to follow closely the progress of the producing company making pictures that have an average earning power or to note the ability of the sales department of the distributing company or the career of the star or stars or of the author or director. A producing company with an affiliated distributing company and chain theatre ownership has a distinct advantage over the producer having none or only one of these subsidiaries.

Question. Does the rate of interest to motion picture companies differ?

Dr. Giannini. From that given to others? No. We have always given the same rate of interest to the motion picture companies that we do to any other legitimate business. When I determined ten years ago that it was a legitimate business, I thought it was entitled to the same rate of interest that any other business received. It was because of that determination on my part that I began the battle on those sharks who were then charging such high rates of interest. I could not get myself to believe that the picture people should pay any more than anyone else. As I considered it a legitimate business, they have always had what we call the current rate of interest from us and have never paid any more.

Question. Inasmuch as it takes the producer from a year to two years to get his full returns from any one picture, how could he pay off loans in six months?

Dr. Giannini. If they had only one picture, then it would be probably just as you say, but these producing companies have many pictures playing simultaneously or consecutively.

Question. Are there many other current liabilities besides the bank loans?

Dr. Giannini. Yes; they have the liabilities that any other concern would have. For instance, I know one producer, a so-called independent producer, who paid \$125,000 for a story. He made his picture but paid, as many do, for the story in installment payments extending over a

year. You often have that kind of a liability. Then you have the usual liabilities, overhead for executives, location sets, costumes, directors' fees. Scenarios, sets, and costumes are very costly. The statement of a moving picture producer differs very little from that of any other company as to liabilities or as to assets. You may have to study the individual items on one side or the other side of the ledger, but they all have the usual current, everyday liabilities.

Question. What about motion picture securities?

Dr. Giannini. As you doubtless know, it is against the law for a bank to buy stock of any kind. When you speak of securities I assume you mean stocks as well as bonds or debenture notes. We do not underwrite, for this part of the business belongs to the investment banker. There has been a good deal of underwriting in the past year and a half. The investment bankers have become attracted to this industry because of the tremendous profits in it and because of the great growth of the industry. The investment is in the neighborhood of a billion and a half dollars. With easy money, the investment banker has sought channels for investment and in the last twenty months I should say there was a little over \$100,000,000 underwritten, including stock issues, bond issues, and note issues. In most instances these issues are collateralized. The bonds are usually collateralized by real estate or leaseholds. Most of these theatres are located in the heart of the city, and real estate values have enhanced considerably. In one instance a \$15,000,000 loan

was made to one of the companies without any security whatsoever. That was the most remarkable bit of financing in the industry.

Speaking of securities and stock issues, I am glad to say that the investment bankers of high repute are underwriting motion picture securities. I am always afraid of a repetition of what occurred many years ago in the stock issues of public utilities, where certain executives and companies, unmoral, if you please, not having that high sense of business honor that they should have possessed, issued watered stock. I am glad to see these issues in the hands of competent, able, and honest investment bankers. I do not wish to see a dishonest stock issue. I wish to see every stock issue protected by real intrinsic merit, so that the investing public will not be mulcted eventually. I have sounded that alarm and will continue to sound it.

I am glad that the gentleman asked that question because I might have forgotten to refer to it. I insist, and the investing public should insist, and the investment banker should see to it, that that condition does exist, that all stock issues be honest and based on real merit.

Question. Is there a seasonal demand for those bank loans?

Dr. Giannini. At certain times of the year production is much more active than at other times. Being a Californian, I am glad of an opportunity to boost. As the climate is always salubrious, production in California can go on at any time in the year and, therefore, the producer may ask for loans throughout the entire year.

Question. Are there many banks that loan to the industry at the present time?

Dr. Giannini. Yes, sir; every bank today seeks that business. Competition in that line is exceedingly keen. When I arrived in New York eight years or so ago, it was easy to get an entrée into the executive offices of a motion picture concern; they were looking for the banker. Today we have difficulty in seeing these executives because there are so many bankers knocking at the door.

Question. What is the effect on the industry of a depression such as that of 1921?

Dr. Giannini. The industry had no failures to speak of. There was a failure or two, not because of the general depression but because of these blood-sucking individuals who stepped in and exacted such high toll for their money. My experience was that during that depression our loans liquidated better than most other loans. I tell that with a great deal of pride. The reason probably was that the companies to which we loaned money had well known stars and the people did not discontinue attending the moving picture theatre during the depression. It was a popular form of amusement and, even though times were hard, everybody had enough money to attend a moving picture theatre, and that kind of merchandise sold very quickly; for you will recall 1921 was a so-called merchandise panic.

Question. If you were to loan the entire cost of production to a borrower, would you attempt in any way to define or outline his policies?

Dr. Giannini. Before loaning I should attempt to find out about them. In doing that I have a method of my own. I do not golf; I do not hunt; I do not fish, but I am a theatre fan. I go to the theatres. In other words, I visit my storekeeper. Today the credit man in a bank visits the borrower's office or place of business and inspects the merchandise on the shelf. The day of not inspecting merchandise is over with. The personal visit of the credit man to the warehouse, to the building or to the office enables him to know whether the merchandise is fresh, whether it is new or old, whether it moves and whether it is salable. A moving picture is merchandise to me, and I visit the theatre for the purpose of familiarizing myself with the kind of merchandise on which I am loaning money.

In answer to your question, sir, I would wish to know the story; I would wish to know the cast; I would wish to know the scenario writer, and I would wish to know the director, before loaning the full amount.

Question. After having loaned, you would not attempt to outline any policy?

Dr. Giannini. No. Then I would be entering another's domain. I know nothing about the technical part of the business. I would not know that. Bankers possess versatility and must have a liberal all-around knowledge. They should be familiar in a general way with every business, but it would be difficult for them to qualify as technicians in so many different lines. In our business we are dealing with woolens, we are dealing with furs and

we are dealing with millinery; we are dealing with raw silk, we are dealing with export and import merchandise, down the entire line. You know the banking business is varied. If I know my producer and I have confidence in him, in other words, if I know his capacity, I leave the technical part to him.

Question. That is in contrast to some action that you might take on some other kind of a loan, is it not?

Dr. Giannini. I think when I have all those elements that I have alluded to, I have got all I wish to know concerning that loan, because I know there will be no difficulty in disposing of that merchandise.

Question. If you loaned on a film, you would keep in touch with the progress of it?

Dr. Giannini. Oh, yes, I am in touch with it in a general way. When I know the ability of the producer and know the cast, the story, and the director, then I know pretty well what its progress will be. Take, for instance, a Fred Thomson picture. I do not worry about Fred Thomson's making a picture that has tremendous box-office value: I know him; I know his producer. Knowing the cast, knowing Thomson's record, knowing what he has done on previous occasions, I find that sufficient information for me and leave the rest to him and his associates.

Question. You shut the door on the money?

Dr. Giannini. If I found there was any irregularity, I would step in, but fortunately so far I have not had to.

Question. Do the earnings of these picture producers vary widely from those of other industries?

Dr. Giannini. I think the earnings of the picture business are very high, just as high as those in any other and higher than those in most of the other lines of business.

Question. Do they fluctuate widely?

Dr. Giannini. Oh, yes, they have good and bad spells. A certain company will have a run of good pictures. For instance, if a company could make a "Big Parade" or "Covered Wagon" or "Sea Hawk" all the time, you can understand how tremendous its earnings would be, and if they were making pictures of indifferent quality their earnings would decrease.

Question. Where do you consider the industry now in relation to its future expansion?

Dr. Giannini. I think it has tremendous possibilities. That question has been asked of many executives and many men engaged in the business, and the answers have all been varied. It is hard to visualize to the fullest extent the potential value of this industry to the public and to the nations in general. I think it is still on the very threshold.

Question. Do you think the industry is likely to undergo any radical change by the introduction of something on the order of the vitaphone?

Dr. Giannini. Of course, that is a technical question. I am here today as a banker. Most executives—I think that would be a safe "out" for me in this instance—are

giving the vitaphone or instruments of that character a great deal of thought. Every company either wants it or something similar to it. It deserves and it is getting the attention of many in high places in the business. Installations of the vitaphone are being made in many of the theatres in the key cities because the theatre owners and the executives of the large companies think that it is a valuable auxiliary in the presentation of a picture. They say that it will bring a Broadway presentation down to Texas or any other state, so it is being given a great deal of thought.

A word, if I may be permitted it, to conclude these very simple remarks. Mr. Kennedy informs me that he has invited members of this school to apply for positions in the industry, that some sixty have already done so, and that their applications will be given serious consideration by the officers of several companies. This means, without doubt, that some among you will enter their service and will be from now on personally interested in the making or the sale of pictures.

But all of you, without exception, will be concerned with banking problems. As business men, you are sure to come into contact with the institutions that largely finance American industry. Our attitude, then, must possess a certain degree of interest for everyone present. It is necessarily conservative and even critical toward the motion picture industry, as well as toward others, because we are the custodians of large deposits and cannot part with any portion of our funds without receiving guaranties of safe return. I am here to testify that in this respect

the motion picture business compares favorably with others. It is true that the fate of each particular picture depends on a public response which cannot be calculated in advance with entire certainty, but the factors for a safe estimate are usually at hand. The general resources of the companies are so great and their financial practices so sound that the risk of loss has been reduced to a minimum. That is the testimony which I, as a banker, bear to the present status of the great industry which you are studying.

V

PRODUCTION PROBLEMS

JESSE L. LASKY

Executive Vice-President, Paramount-Famous-Lasky Corporation

I AM in no sense a trained speaker; I have not any prepared speech up my sleeve, but I have enough material. In other words, I am enthusiastic and full of this extraordinarily amazing and wonderful industry of ours, and I feel I could talk to you for twelve hours and not cover the subject. So, if I get incoherent or ramble in my subject, I trust you will pardon me.

PERSONAL EXPERIENCES

It was suggested by the Dean that I explain how I happen to be in this industry, because, in a sense, my story is a story of the industry itself. In a word, then, some twelve or thirteen years ago I was in the theatrical business as a producer. A friend of mine, Cecil B. de Mille, was a dramatist. We saw some two-reel pictures and decided that if we could not do better than that we ought to be shot. So we determined to go into the motion picture business, with no thought that there was any great future there except that we believed we could make more entertaining pictures than the ones we were looking at.

At that time a company called the Famous Players

Film Company had just been started by Mr. Adolph Zukor. I met Mr. Zukor and we became friends. In the course of time the Famous Players and the Lasky Company were merged into the Famous Players-Lasky Corporation, the name of which has recently been changed to the Paramount-Famous-Lasky Corporation.

That was only twelve years ago, and the assets of the two merged companies were but a few thousand dollars. Mr. de Mille and I had actually put in about \$25,000, and I guess Famous Players had \$100,000 of assets. To-day the original merged company represents assets of \$145,000,000. It owns some six hundred theatres in the United States and also has theatres throughout the capitals of Europe. They have a sales department numbering hundreds of men and maintain great studios.

Imagine the experiences that must have happened to me in that time, the fortunate circumstance that put me into this position, and my struggle to maintain it. Imagine my trying to tell you all I have felt and observed, all my hopes and fears, my triumphs and reverses, in the course of forty-five minutes. To tell it would be impossible. I must leave it to your imaginations.

YEARLY PROGRAM OF ONE COMPANY

The particular subject matter of my discussion is production problems. You understand that we have three branches in our business—production, distribution, and exhibition; and I believe a company to survive and hold its proper place ought to include all three. Our par-

ticular company does. Now the quickest way to get to the subject of production is to go back a few months, when we had a meeting of our department heads, representing distribution, exhibition, and production, with the president, representing the budget and finance, in order to determine what we should do for the next season. We decided, using our past experience as a guide, that the proper number of pictures for our company would be seventy-five. Figuring on the income from pictures in the past, the average gross return in the United States and through our foreign markets, we can pretty well gauge the amount that we ought to spend. In a few moments we determined we ought to spend \$20,000,000 for next season. So we started with a budget of \$20,000,000 and a program of seventy-five pictures.

THREE TYPES OF PICTURE

I want to explain that there are three fundamental types of picture. We have what we call the program picture, that is, the picture that is not expected to run longer than a week. In smaller places it changes twice a week and in still more places it plays only one day. That type of picture is the very backbone of the industry. That is the picture that supports the million-dollar motion picture palace, the picture shifted under a weekly change policy.

So we laid out a program of forty-eight or so pictures that are planned for weekly change. The average cost of those negatives will run from \$200,000 to \$215,000.

Then there is a second and more important classification—to my mind the most important of all. These we call the specials. I will refer to them as Rialto specials, pictures that will run as long as the public will patronize them. Possibly we shall have about 17 of those in the program.

Finally, and of great spectacular importance, because they lend a lot of color and prestige and good will to the industry, rather than because of the profits they may make, are the so-called road shows. We make two or three of these road shows a year.

I have given you the average cost of the program pictures as about \$215,000. The negative cost of the Rialto specials would run from \$350,000 to \$500,000 or higher. The road shows run from where the specials leave off, that is, from \$500,000 to \$2,000,000 or more. Think of it—\$2,000,000 in one picture! We have recently had \$5,000,000 invested in three negatives—"Old Ironsides," "Beau Geste," and "The Rough Riders," a picture that opened a couple of nights ago in New York.

The question of cost is determined by the gross income, and we have not as yet determined what the maximum gross income from a successful motion picture might be. I think there are opportunities for much larger gross returns than have ever been obtained.

COST AND METHODS OF SALE

The fundamental problem of the producer is the problem of justifying his negative costs, in other words, de-

termining the profit that may be made. To my mind, the selling of pictures is an unsolved problem. The method used today in handling the majority of what we call the program pictures is to go out and sell them in advance. It is a condition which has grown up with the industry. Personally I deplore this practice very much, for reasons which I shall explain to you in a moment.

The seventeen specials that are made every year are made and examined for their screen value; that is, they are looked at as so much merchandise which will be worth so much money when properly exploited and sold. Then they are exhibited in a few key cities to determine their true value through public patronage, and when that true value is determined they are sold.

AN ILLUSTRATION

To illustrate what I mean, let me tell you the story of the making of "The Covered Wagon," which many of you must have seen. I was stationed in Hollywood at the time we planned "The Covered Wagon." The novel was purchased and was assigned as a good vehicle for a star of that period, Mary Miles Minter. Mary Miles Minter's pictures used to gross \$200,000, and we planned at that time to spend \$100,000 for the negative cost. So "The Covered Wagon" was put through the routine. Scenery was prepared, the picture was budgeted for \$100,000, and Mary Miles Minter was chosen as the star. The sales department was about to be notified

to sell it in advance with other pictures and they would have got \$250,000 gross.

At that time the story was called to my particular attention because of certain fundamental qualities that made it stand out above other stories. It was the story of the great movement of our pioneer forefathers across the western plains. If we had more money to spend it appeared that we might make something that would live—an American epic. We got in touch with the sales department and said, "Please don't sell this; we see something big; we are going to spend a considerable sum of money and we think it will be justified." Fortunately, we caught them just in time, so that they did not start making contracts. Mary Miles Minter was taken out and another star and a finer cast assembled. More elaborate scenery was prepared, and a higher salaried director was chosen. Instead of spending \$150,000, we actually spent \$650,000. That picture, as you know, was a popular success. It grossed over \$4,000,000. Our share of the profits was well over \$2,000,000 on a thing that was intended to be sold in advance for \$250,000.

BLOCK BOOKING AND THE PERCENTAGE BASIS

I cannot imagine a better illustration of the point I am trying to make in reference to what we call block booking, or selling groups of pictures in advance. The sales department is always the natural enemy of the production department because, as we say in a friendly

way, they are not keyed up to the proper appreciation of the product. But in justification of the sales department, I must admit that, if all our pictures were made as well as we could make them and then held for screen examination to determine their merchandising value we should find when we began to sell them that our competitors had tied up the exhibitors through block booking. Why does the exhibitor use that method of buying? Because the theatre represents his sole means of livelihood, and he wants to be sure he will have a good attraction at his house every week. Therefore he will not wait and see what the market will offer. As salesmen of rival companies come along with attractive catalogues of their productions, they tie up the time of the theatres. If a theatre has fifty-two weeks to book and has already tied up forty weeks at large rentals, what will be our chance of doing business if we approach them several months later? Even though we have a product proved superior by screen examination, there will be no opportunity to sell it, as practically the whole season will be already contracted for.

It is not the sales department's fault. It is a weakness in the present structure of the industry. It is a natural thing which I believe time will overcome. I believe eventually—and I hope we shall live to see it—practically all pictures will be sold on a percentage basis. They will go into theatres of various classifications and, after the theatre manager has received his normal overhead, the pictures will participate in the profits. That is done now in a great many instances.

THE SELECTION OF STORIES

But that is a problem of salesmanship, and my province is production. We have determined on seventy-five pictures of three classifications and we are going to spend \$20,000,000. How are we going to spend it and how are we going to be sure of our product? The first thing, of course, is the stories we are going to tell on the screen. Where do we get them? How do we know they are good? Why did we do "The Rough Riders"? Why did we make "Old Ironsides"? Why did we not make this classic, or that well-known novel, or this original story? And so on. Well, our studio executives or heads of the production department are men with an editorial vision. I myself make it my business to keep in close touch with the current fiction and magazines, with the current stage successes. I read the *Saturday Evening Post* as if it were my Bible because I believe that Lorimer as an editor has the same problem that I have, that is, of sensing what the public will read. In other words, our business is akin to book publishing. We try to make best sellers, only ours are celluloid. We sense out as much as possible the timely topics, and they make up a large proportion of the program pictures.

You gentlemen have probably seen Clara Bow in "It." One day we heard Elinor Glyn say, "Oh, that girl has it." "What do you mean by 'it'?" "She has that indefinable something. It is not personality alone, it is not sex appeal; it is the combination of many things which make you look at her, which make her a success

as a wife or as an actress or as a sales lady behind the counter, whatever vocation she may follow."

In this instance it was Mr. Wanger, the general manager of the production department, who said, "Why wouldn't that be a good title for a picture?" It struck us as a great idea. That title with Elinor Glyn's name to it ought to be a best seller. To make it brief, the story was written and discussed and changed. It was not much of a story, but it had that indefinable something which Mrs. Glyn called "It," and it struck like wildfire. It was a best seller, just like Sinclair Lewis's *Main Street* or *The Sheik* or *Beau Geste* among books. The subject was timely; people were talking about personality, and that was one way of describing it.

HISTORICAL SUBJECTS

We now go from timely topics into history and we say, "What stories do the public know best? What characters will they like?" Some historical characters are not very romantic and we avoid them. I have an ambition to make a great picture of Alexander the Great. I was keen about the story of Helen of Troy, but before I could get to it, another company announced it. Some day we shall make the story of the Charge of the Light Brigade. It brings in the Crimean War, the birth of the Red Cross, and Florence Nightingale. Everyone knows the poem, "The Charge of the Light Brigade," everybody reverences the Red Cross, and everyone has heard of Florence Nightingale. To an

editorial mind or a trained showman—which I suppose I ought to be—those themes instantly suggest public approval.

THE ROUGH RIDERS

Let me tell you the story of "The Rough Riders." We have had a lot of war stuff, "The Big Parade," "What Price Glory" and other pictures. We have already expended considerable money on a picture called "Wings," the epic of aviation in relation to the great war. The whole story of the air never has been told and never can be told properly except through this wonderful medium of the screen. On that we have expended \$1,600,000 and it will go to \$2,000,000. A life was lost and men were crippled in its production. In San Antonio we had the cooperation of the Army; some twelve thousand soldiers took part. We reproduced the St. Mihiel drive with the officers who participated in that drive and we made it historically correct. This particular picture is within a month of being finished. Don't you see that aviation is a thing of the moment and that editorials are daily being written about it? Why isn't it a good theme for motion pictures?

But, as I started to say, there have been a great many war pictures and we do not dare make another; but we have a constant need of panoramic spectacles for the big pictures. The suggestion came from somebody to dramatize the story of Theodore Roosevelt and the Rough Riders, the story of San Juan Hill, the assembling of this picturesque group of men at San Antonio, their

training to be rough riders, the story of the war with Spain and the freeing of Cuba. In a moment the thing sounded right. We determined to make a picture in the second class—a special—and secured a budget of, I think, \$500,000. I promised I would not ask a dollar more. How often I have done that and then broken my promise, in spite of myself. That confounded enthusiasm, that Excelsior spirit of Longfellow's poem, keeps making you want to do each story a little bit better than the last. I know this is a business and our stockholders expect their dividends; but my theory is we can pay dividends and still improve and advance with each picture.

FIRST STEPS

With \$500,000 as a budget, I secured Hermann Hagedorn, the official biographer of Roosevelt, to write the story. We sent him to Hollywood, and he worked for many months. He had a lot of historical data, but his scenario lacked every essential of romance to hold it together. People are bored to death with historical facts when they are not held together by something that will clamp and rivet their attention. You have to grip them in a vise so that they simply cannot get away; and not everybody has the secret of that.

One writer after another took up the subject, and it was very discouraging. I wish you could have seen their different points of attack. Finally I said, "Why not take the bare facts? Cuba is oppressed. America objects. It isn't right. We send the Maine as a protest.

The Maine is blown up. Some say peace, some say war. While everybody else is talking, Roosevelt prepares. He enters in that attitude, so characteristic of the man, standing for preparedness. War is declared, regiments of volunteers are organized, Roosevelt and Colonel Wood have theirs, the Rough Riders. The story is confined to that regiment with a few fiction characters thrown in for romantic interest." On this simple basis the thing took shape and as it grew the material was excellent.

Here is the point I want to make: The thing we sensed in the beginning turned out to be a fact. At the time, the public was surfeited with pictures of the World War. We thought, if we could only go back a few years and show what modern war grew from, the contrast would be interesting. Compared with the late war, the Spanish-American War was a joke. It took place less than thirty years ago, but it seems as if it had happened a hundred years ago.

Our film soldiers were trained by Rough Riders who ~~actually~~ participated in the war. The picture is historically correct and shows from beginning to end the vast difference that a few years have made in the conduct of a war.

GROWTH OF THE IDEA

I decided, therefore, that this was too good for an in-between or special picture. We must get an increased appropriation and make a road show. We got an ap-

propriation of \$900,000. Then we organized carefully; men were sent to find a suitable location. They selected the old fair grounds at San Antonio where the Rough Riders had actually camped. Extra men who represented soldiers were taken there. San Juan Hill was reproduced. The story called for a series of far-off scenes, long shots in which fine visibility was needed, and we got into bad weather and lost, I think, a couple of hundred thousand dollars. As a result of having so many people on the location at a high overhead, we expended \$1,200,000.

But the picture opened the other night and the show was an outstanding success. The critics say that here is something amazingly different, a war picture and not a war picture. We found, just as I expected, that every man around my age who saw it went home and told his family what he remembered of the Spanish-American War. The family and the children became interested, and thus the picture had an appeal to the whole range of the public. I feel sure it will more than justify its great cost.

But think of the problem of the executive who determines to spend his company's money like that. I do not know of another industry in which you start with a budget of \$600,000 and end with \$1,250,000, and when it is all over, even your own finance committee will cry "Well done!"—if it proves a success. I do not mind saying that I spent a tense two hours watching that audience and studying the effect of that picture on the opening night.

THE BASIC PROBLEM

To get into the business aspects of producing, our real problem in production is how to improve the quality of the pictures and at the same time maintain cost or business control. If I were asked for a problem to put up to you gentlemen, I think it would be this: Suppose you were going to organize a motion picture studio, who would be your dominant factor? Would you have a man of my type who was a visionary, half a dreamer and only half a business man, who was keen about the quality of the product and might well lose touch with the cost? Or would you put at the head a thoroughly trained business man? In the latter case, the business man would dominate me and when I wanted to dream he would say, "No; here is your budget, \$200,000, Mr. Lasky; that is what you have to spend; our income is going to be so much." Then there would be the inevitable clash. I would say, "This is a great story and it cannot be done that way. We don't get many good stories. When we do, let us tell them." "Well, tell this one for \$200,000." "You can't." "Why can't you?" "Mr. Businessman, listen. I will prove it to you." And so the argument runs on.

A SAMPLE BUDGET

The expense of every picture is segregated. Let me illustrate by reference to actual cost sheets as they are worked out in the studio. Here is a picture we are not ashamed of, because it was kept well within its original

budget, "The Grand Duchess and the Waiter." The star was Adolphe Menjou. The scenario charges amounted to so much. Never mind the exact figures. I am merely showing you our methods. Under the head of direction we itemize the director and assistants, camera men, cutting the film, and property men. In the acting group some of the items are wardrobes, props, new sets, total settings, scenery. Under locations we place the expense of sending the company out to take outdoor scenes. Then there is the cost of lighting the sets and the wages of electricians who throw light on the objects to be photographed. There is the development of the negative, the writing of the titles, and the changing of the captions to get them as interesting as possible, the studio overhead, the cost of the story. The total cost in this instance was \$110,000, and the studio had estimated it at \$135,000. You see how everything is figured in detail and the whole fund apportioned to the various departments.

A BIGGER PICTURE

But here is a bigger picture, "Beau Geste," which was planned to cost \$500,000 to \$600,000. In spite of a very carefully arranged budget of \$600,000 the unforeseeable factors which had to be met, such as transportation delays, heat on the desert, people sunstruck and overcome—it was photographed near Yuma, Arizona, one of the hottest places in America—raised the cost to \$992,000. Fortunately, in the end the finance department had good reason to applaud our judgment.

Where the scenario charge of "The Grand Duchess and the Waiter" amounted to \$12,894, the scenario charge of "Beau Geste" was \$28,000. The story cost, which represents the purchase of the picture rights, was \$20,000 or \$30,000.

You may ask, "Why do you pay \$28,000 for the writing of a scenario? Doesn't that sound extravagant?" Well, this is what frequently happens. We take one of our best scenario writers and say, "Here, Jim, you like this kind of fiction. What do you think of it?" "I think it is great." "Would you like to write it?" "Yes." We assign him the task of writing that scenario. He is supervised by an editor with whom he is in daily contact. When he has his scenario ready, the director reads it and says to the head of the studio, "I don't want to make that picture." "Why not?" "Because it doesn't contain the vital elements of the story." The management reads it and calls in experts, and the experts agree with the director. Perhaps the writer had a good scenario but he has lost the romance, the drama, the heart interest. A few weeks' time of high-salaried people has been consumed and already there is an investment of \$5,000 or \$6,000. You try another scenario writer or maybe you get a team to collaborate and work together. Your writing department's overhead goes on until finally you get something that is really worth an investment of \$600,000, but in the process you have expended \$28,000. The average scenario costs \$5,000 or \$10,000, but we must allow for lost motion and mishaps and in a preliminary estimate we may figure \$15,000. We say that

ought to be ample, but the net result of a very earnest effort to do something fine has in this instance cost \$28,000.

THE PERPETUAL CONFLICT

Once more, the problem I put up to you is this: Suppose you are the business head and have the last word, and I say to you, "This is a great story if only we can present it right; it will be a great success and make a lot of money. But I have already spent my allotment of \$15,000 and I have not got the story the way it should be. I may not have it next week or the week after, but I will get it eventually. Can I go on?" You, business manager, have a right to say, "No; you have had enough time; you have spent your \$15,000; go ahead and shoot." If you insist, the director will direct the picture, the camera man will turn the camera, the actors will act, and you may get one of those things that have made the public say, "What is wrong with the movies?" In that instance I should say that the thing that was wrong with the movies was the domination of business control.

So you see we have a peculiar industry. I call it an industrial art or rather an art industry, for I put the art first and I am always going to. If that is so, why shouldn't I dominate you and say, "Mr. Businessman; you are right as far as you go. I have spent my \$15,000, but I see something that ought to be done and it is going to cost us more. We have overstepped our allowance, but I feel that we were justified." After all, I risk my job every time I do that, because you cannot

make many mistakes of an overexpenditure of hundreds of thousands of dollars and be retained in your position.

However, men have come into our business and attempted to analyze it; they have gone through department after department and said, "You are extravagant here; you are wasteful there," and then they have devised economical methods which put the control in the hands of hard-boiled business men until business dominated the artistic side. Under that policy you get the negatives at a reasonable cost, but you get pictures of average or mediocre quality. You get no brilliancy, no outstanding successes, and, if that sort of unimaginative restriction should continue, I believe in time the industry would dry up with monotony.

I put that problem up to you. How would you handle it? Would you have a controlling board of two? If the two do not agree, what are you going to do? Our solution is to try to retain an executive at the head who has sympathy for the artistic side of production but who also has a lot of good, common business sense. We say to him, "You are to determine these problems finally. Give as much rein to production as you can. Keep constantly in mind a fine competition, a fine aggravation of the two departments; keep them at each other's throats; let them go as far as they can before separating them." That is what we do. It means that life is a constant turmoil for the executives.

When a picture is finished the editorial problem becomes a very interesting one. After a director has photographed the scenes in a six-reel picture he has, let us

say, 14,000 feet. Each shot is given a number and is put in sequence and is turned over to an editor. That editor's first problem is to satisfy the star. If you cut too many scenes of the star, you have explosions of temperament, and temperament costs us hundreds of thousands of dollars. But it is the human equation.

THE STAR SYSTEM INEVITABLE

In almost every instance our leading artists get more than the executives. Many of them get larger compensation than the president or vice-president of the company. Of course, their professional careers are short. In considering these high salaries I would like to have you think of them as a kind of royalty for the multiplication of the negatives. These artists lend their personality to the screen, and it is duplicated hundreds of times and goes all over the world, and for that world-wide distribution they receive a proportionate percentage of the receipts.

Remember that the motion picture industry will never see the day when it can get along without star personalities. If we should decide there would be no more stars, I might get together a few of you gentlemen, then go to the nearest coeducational college and pick out a few girls, put you all on the screen and make a picture. What would happen? Some young man or woman would stand out because the part he or she played would be romantic; the public would like that personality and begin to talk about it. We would make another picture

and then another, and in a year that personality would have become something to reckon with. We should have a new star. And we should have to compensate him properly because he would know that we were making a lot of money out of his gifts, whatever they might be. If every star in the picture firmament were annihilated tomorrow, in five years you would have a new group, bigger, perhaps, and more temperamental than the last.

Maybe I had better pause for a moment, though I feel that I have only grazed my subject. The time is short and there is so much to talk about. I shall be glad to answer any questions you may ask, but please confine them to production problems.

QUESTION PERIOD

Question. How are the costs made up before the picture is made?

Mr. Lasky. We look over the sales department's statistical report and find that a certain type of star or story has grossed so much money. We usually figure that a negative ought to be made at a cost of a little less than half the gross. If a picture grosses \$300,000 the negative ought to cost between \$140,000 and \$150,000.

Question. Why do you change the stories so much in some of the pictures?

Mr. Lasky. That is one of the criticisms we hear from every side. It touches what is really an unsolvable problem. You know, every time a story is told, there is some variation in the telling. You hear a good story

and say, "I am going to tell that to my family." You get home and you start telling it. Unconsciously you emphasize something that especially appealed to you. A member of your family hears the story and retells it and alters it a little more. This process goes on until, if you heard the final version, you would hardly recognize it as the story you originally passed along. That is something like what happens in the studio.

Let me give you an example. We had planned to produce "An American Tragedy." I saw in that a picture that ought to teach a great moral lesson. The book contains things that every American boy ought to know. But Mr. Hays received letters of protest from various women's societies who said the book was not fit to picture. There was public opinion against it, and we are not going to produce it. The picture rights cost \$90,000, but we are willing to stand the loss rather than antagonize public opinion. But suppose we had attempted to produce it. That book contains eight or nine hundred pages. It is something you could not even skim in less than four or five hours. Producing it would mean handing it to a scenario writer and saying, "Make nine thousand feet; tell it in an hour and twenty-five minutes."

The first thing we meet, then, is the problem of elimination. "What shall I leave out?" The moment you eliminate anything important you make a gap. If I cut this desk in half, I have to invent a strip of wood to hold the desk together. You say it is the parts of two desks. That is what happens to the story. You eliminate incidents, and dramatic holes develop. You con-

dense to gain time, but you sacrifice continuity and characterization. You are in such a hurry to tell the story that you have no time to unfold the characters gradually and naturally as characters unfold themselves in real life. Then there is the bridging in to fill the gaps, and frequently the result is such a redistribution of emphasis that it seems like another story altogether.

We have just established a department to help that situation. We call it the Authors' Council. At the head of this council we are putting trained dramatists who are also experts in the motion picture field, and they are at the disposal of authors who have ideas. But the real solution to the problem will come only when writers are trained to write for the screen. If we undertook to do a thing from history, like Alexander the Great, we might ask a historian, skilled in research work, to collaborate with a dramatist trained in motion picture story telling, and out of that combination get an original version with which nobody could quarrel.

Question. What about the German film, "Metropolis"?

Mr. Lasky. It happens that my company is releasing that picture. It was sent to us in eighteen reels without titles. The Germans do not mind sitting a very long time in their theatres. Often they will take a story and tell it in two parts, one part on one day and another part the next day. The American, however, is quick and impatient, and we have to condense our story telling.

We had the problem of reducing eighteen reels to

ten and retitling the whole. The titling of a screen story, let me say, is tremendously important. It is an art in itself. We found the story, as it stood, did not have an American appeal, so at considerable expense we engaged a splendid American dramatist who happens to like that kind of fiction. He adapted it for our production and it was carefully titled. The result is that it is a greater success in New York than it was in Germany.

Question. What proportion of stories is written primarily for stars?

Mr. Lasky. I do not know personally, but I should say that three-fourths of the material is picked to suit the personality of the star and one-fourth is picked for the material of the story itself and cast to suit that material.

The hour is gone, gentlemen, and I seem to have no more than skimmed over my subject. Just one more problem, which I should like to present to you. Is there a place for the film which makes no concession whatever to the commercial necessities, the film in which an artistic product is the only motive? Some have thought of a smaller public which would support films of this character. Is there such a public which demands selected films to the extent of being willing to pay for them? Frankly, that is a hard question to answer. The analogies from other fields are not altogether encouraging. Opera, as you know, is usually subsidized, and so are symphony orchestras. So, in a measure, are painting and sculpture, for the

history of many of the great masters in these arts reveals that they received the support of rich patrons or else they starved. Will the art film, pure and simple, come into being in that manner, or can we count on the patronage of a sufficient number of ordinary theatre-goers to support the product of men whose primary aim is beauty of expression? That question has been lurking in the background of a good many minds. I present it to you as one of the many fascinating problems of our industry.

VI

BUILDING A PHOTOPLAY

CECIL B. DEMILLE

President, DeMille Studios, Inc.

MR. LASKY is a very hard speaker to follow, because he knows a great deal about motion pictures. I have faced him on opposite sides of the table a great many times, he representing the cost and I, the determination to make motion pictures an art, that is, to make them moving paintings and silent drama.

Mr. Kent will tell you how a picture is distributed, Mr. Lasky has touched on production, and Mr. Zukor has given you business management. But not one of these means anything unless they have something to sell, something to manage, and something to finance. In other words, the heads of these departments may be likened to the cabinet that sits in Washington, while the director is the general on the firing line. He is told to produce something that will satisfy all three of those branches. The means are left more or less to him. He is given an impossible thing to accomplish. He has to go out and accomplish it, just as a general is given an objective to take and he has to go out and take it. How, is his business.

If I could give a clear idea of direction, you would really know—as much as anyone knows—how a motion

picture is made. Mr. Kennedy indicated that that is really what you desire to know. I have frequently looked at my own work and wished that I myself knew the ideal formula which fuses art and efficiency in making a photoplay.

THE DIRECTOR'S INSTRUMENTS

To begin with, the director is in the position of the leader of an orchestra. You have an orchestra of forty-five pieces, each representing one of the different factors that go to make up a motion picture, the different department heads. The director has to wave a baton in order to give them the right tempo. He has to see that the bassoon does not come in while the violin is playing its solo. He has to hold together all the departments and see that they all function on time, so that everything shall meet and harmonize in this little set where he is going to turn a camera for a few minutes.

TYPES OF DIRECTOR

There are three classes of directors. There is the director who has been enough of a success in the past to enjoy the confidence of his institution and to be allowed to choose more or less his own subject. There is the director who is sent for and handed a manuscript, and who works on it and says, "I suggest the following changes." Then there is the director to whom you say, "Take this manuscript out and shoot it just the way it is written and do not change anything."

BLAZING NEW TRAILS

As I happen to know more about the first class, I will discuss that as a basis. The first thing is the idea. What idea are you going to produce? The sales department will always name you the latest success, whatever it was, and say, "Produce another like that because it was a success." But had you suggested that very idea to the sales department before it had been done in a successful picture, they would have thrown their hands up in horror and declared, "But nobody wants to see that!" That has been my experience in blazing a trail practically from the beginning of pictures. Whenever I wanted to do a subject that was different, no one was in sympathy with it—until after it had proved successful as a picture. Then I was a great hero. But until that point I was the national villain. (If I use "I" a good deal, I apologize for it in advance. I am speaking editorially.)

To make my point a little clearer or to give you an illustration, take "The King of Kings," which Mr. Kennedy kindly mentioned. With the screen overcrowded with melodrama and with such pictures as "Crime" and "Broadway" and "The Spider" intriguing the public, I felt that the world was ready for the life of Christ. When I suggested it we almost had to resuscitate the financial department. They insisted, "What the public wants is melodrama." But that is the time to do the other thing.

I made a picture recently called "The Volga Boatman." When I proposed it to the financial department,

their comment was, "But nobody is interested in Russian peasants." After the picture was a success they said, "There, we told you that would be a great picture!" That is the attitude, and always will be, of the sales department.

The production department acts more or less as a buffer between the director, who has vision, and the financial department, which sometimes lacks it.

So, the subject is selected.

DETERMINING THE CLASS AND THE COST

Then comes the matter of treatment—the decision, at least, as to whether the subject is big enough to carry on what we call a "super-special," that is, a picture that is "road-showed" or released separately, or whether the subject is only of sufficient bigness for a program picture.

When that point is decided, the amount of money to be expended comes next—whether the idea is big enough to carry \$100,000, \$150,000, \$300,000, \$500,000, or \$1,000,000, as the case may be. In the case of "The King of Kings" the cost was \$2,300,000. That seemed a ridiculous amount of money to expend on an idea that the financial department was sure could not be successful.

That is why the director has gray hairs. He is the fellow who dreams and he has to make his dreams come true. That is the distinction between him and most other dreamers. If he does not make his dreams come true, he is like the general who does not take his objective; and you know what happens to a general who fails.

LAYING THE FOUNDATION

You are given a scenario writer. Your first treatment of the picture subject resembles the plan of a house. You do not sit down and have a writer write a scenario. You draft a treatment, that is, a plan. You look for a foundation on which to stand your story.

Has it a theme? Is it episodic? Is it dramatic? That treatment may be done over and over and over again, but the wise director will never let his manuscript go into continuity form until he has that treatment. In other words, it is as if you were going to build a house, and the architect said, "I have a magnificent roof and some lovely walls." You naturally ask him, "What are you going to stand them on?" He might answer, "I don't know, but the roof is beautiful." That is the danger of the green director or the green writer. He is blinded by the beauty of the walls and the roof; but, if there is not a great dramatic foundation underneath your structure, it will not stand, no matter how beautifully played it is and no matter how beautifully directed.

CONTINUITY FOLLOWS

When the treatment is as strong as it can be made, then comes the continuity. Continuity is the scene-for-scene scenario. It is equivalent to the dialogue of a play. The playwright does not start out to write beautiful dialogue until he has a structure on which to hang it. So the first treatment is the structure on which is hung the continuity, the written sequence of scenes.

GOOD DRAMA FUNDAMENTAL

The continuity comes to the director and goes back to the writer again and again and again, and a great deal of money goes into that going back and back and back. But your wise business department knows that that is where a picture is made or lost—over the desk. A director must not be handed a poor story or a poor scenario, one without good drama. No matter what ingredients he may use, he cannot make a good picture unless he has the essentials. You may have a beautiful cannon, but if your powder is no good, it will not throw the balls very far, no matter how fine a sighter your gunner may be or what fine soldiers may be handling the machine. If your powder is wrong, you are out of luck. So it is with your story. Therefore, you take time over and over and over again to look for weakness from every angle, in every scene.

MAKING DETAILS PIQUANT

Take a scene where a man comes in, sits down, and picks up the telephone. Your first-class director has the man come in, sit down, and pick up the telephone. Your highest-class director says, "How on earth can I make that interesting, so it will hold an audience for just a second—so that it is not just a man coming in, sitting down, and picking up a telephone? What twist can I give that to make a little smile come to the audience?" If merely the cord of the telephone catches in the drawer, that little incident means a lot, because the audience,

expecting to be bored with a commonplace incident, wakes up with "Oh!" That little exclamation "Oh!" has a great psychological effect. That is the way every scene should be worked out in the mind of the director.

CONSTRUCTION OF A SCENE

Assuming now that the scenario is perfected—though it seldom is—the director next calls in the art director. The term "art director" is sometimes a bit misleading. He is the man who designs the sets or has them designed. He is the head of that department. If the story is modern, again comes the point, "How can we make this a little more interesting, a little different from the last picture made?" The art director says: "Well, this series is a short series. If it isn't of any particular value pictorially, we already have a set which was used in such-and-such a picture." The director asks, "Can that be disguised? Can you change that door into a window so it will not be recognized as the set that was used in the last picture?" The art director says he can or cannot, as the case may be.

We will say we have a great scene called for—the vision of temporal power in "The King of Kings," which Satan shows to Jesus. The question of how to visualize the power of the world, how to show it, how to do it, is put up to the director. That is the kind of proposition the director gets. In the handling of it he calls to his aid his art director, his technical man, his trick man, stunt man, miniature man, and glass man.

CREATING THE VISION OF ROME

For instance, in the scene I have just mentioned (the vision of temporal power), we change the temple into a vision of Rome; and, because it is an imaginative thing, we need to show Rome even more magnificent than it was—in other words, a hundred Romes piled one on top of another. To go out and build anything of this sort would, of course, be an utter impossibility. It would take as long as it did to build Rome itself and cost a good deal more, because wages are higher now than they were then. So we take our miniature man, our glass man, our art director, our carpenter, and we say we are going to use a foreground of five hundred or a thousand feet in this. Then we build the actual set for five hundred feet. From that point on we make a miniature which is matched by very clever camera work to the real set. Finally we have a large sheet of glass on which we paint the background. The lower portion of the glass is kept clear, so as to permit the real set and the miniature to be seen through it; and above that—because it is supposedly far in the background—we have painted by the finest artist we can get, the imaginary Rome. The real thing is in the foreground; the miniature just above it, showing the roofs of the great city of Rome cleverly blended with what we have built, and then this glass picture in front of that, but really giving the effect of a far-distant horizon. Then the camera is set back a certain distance. Is that clear, gentlemen? Do you follow me? In that way these great scenes are made possible.

SHOWING THE PASSAGE OF THE RED SEA

Do not get the idea that that is not an expensive process. The making of the miniature and the matching must be very carefully done, because it must not be detected. Some of you may have seen the picture called "The Ten Commandments." In that we were given the problem of opening and closing the Red Sea. That was what the director was told to do. He could not ask how, because nobody could tell him. Nobody had opened and closed the Red Sea before, except on one memorable occasion, but we nevertheless had to duplicate that. It was done with fourteen exposures on the film. I am not going to enlarge on these technical points, but I want to give you a little of what I mean.

There were fourteen pictures or exposures on the opening and closing of the Red Sea. The effect was gained by a mixture of the real sea and very clever motion picture trick work. The wave which engulfed Pharaoh's army was obtained by building two tanks holding 60,000 gallons of water each, designed to drop at the same moment into a large curved piece of steel, so that when it threw this wave into an immense curve, the two volumes of water met at the top and in that way we got a wave that was enormous. The camera was almost underneath it. That was done before we started in with our people at all.

This probably sounds like Chinese music to you, but it is impossible to give you in three-quarters of an hour the mechanical working of the trick department of a motion picture studio. However, the art director in conference

with the picture director covers these points, in scenes that require such treatment.

CORRECT COSTUMING

Then comes the costume department, with which we discuss the types of clothes and so forth. If it is a costume picture we are working on, the research department must start months beforehand, because such a picture requires considerable study. For instance, in "The Ten Commandments" we cannot take Renaissance paintings and say, "Let us see what costumes are depicted there." If you recall Rembrandt's painting of Pharaoh's daughter finding Moses in the bulrushes, you may remember that this Egyptian princess is clad in a long-waisted Elizabethan gown and the page holding back the bulrushes is in tights with velvet trunks and a red hat with a beautiful long feather in it. The Renaissance artists painted in the costume of their time. They did not have the money to maintain great research departments such as we have, so that the motion picture is infinitely more correct in its historical detail than Renaissance painting or any other school of art with which I am acquainted.

THE CAMERA EXPERT

Our art director now has gone ahead and is starting his various functions in his twenty-two departments, to bring about the first set. The next point is the camera. The selection of a camera man is vitally important. In

painting, if you were going to do a picture of the battle of Waterloo, you would not employ a Corot to paint it, because he does a distinctly different type of subject. So with motion pictures. Certain camera men are excellent for pastoral scenes, while other camera men are better fitted for dramatic action.

THE ORIGIN OF ARTIFICIAL LIGHTING

In the matter of lighting, I am going to "reminisce" for a moment and tell you of the birth of artificial lighting. When we first went to California we used only sunlight. There was no artificial light employed at all. Having come from the stage, I wanted to get a certain effect in a picture I was making of "The Warrens of Virginia." The particular scene was that of a spy coming through a curtain, and I wanted to light only half of his face. So I borrowed a spotlight from an old theatre in Los Angeles and gave his face just a smash of light from one side, the other side going dark. I saw the effect on the screen and carried out that idea of lighting all through the rest of the picture, that is, a smash of light from one side or the other, a method that we now use constantly.

When I sent the picture on to the sales department I received the most amazing telegram from the head of the department, saying: "Have you gone mad? Do you expect us to be able to sell a picture for full price when you only show half of the man?" This is not an exaggeration, gentlemen. It is exactly as it occurred.

The exhibitor, in his turn, used the same argument—that the picture was no good because we showed only half of the man. So the sales department wired me, "We don't know what to do; we can't sell this picture." And I was really desperate. But as I told you, the director has to go through; he has to do something. In this instance Allah was very kind to me and suggested to me the phrase, "Rembrandt lighting." So I telegraphed the New York office, "If you fellows are so dumb that you don't know Rembrandt lighting when you see it, don't blame me." The sales department exclaimed "Rembrandt lighting! What a sales argument!" They took the picture out and charged the exhibitor twice as much for it because it had Rembrandt lighting! That was the beginning of the present-day use of artificial light in motion pictures.

FITTING THE CAST TO THE STORY

The next point is cast. After our arrangements are completed for production, we take up the question of choosing the actors for the picture. Is our story strong enough to be made without using a star? Or must we have in it a great, well known personality that the sales department can sell, in order to counterbalance the weakness of the story? This is a question also of much moment to the stars. For when a star reaches the point where the sales department can "sell" him or her, then he or she gets most of the weak stories. The good stories will sell themselves; and the star doesn't need

a good story, because a Bill Jones or a Susan Smith can be sold on the name. The producer, on the other hand, if he has a good story, can make a non-star picture with actors whose salaries range from \$300 to \$600 a week, and sell it, thus holding the weaker story material for the star getting \$1,000, \$2,000, \$3,000 or \$4,000 a week.

SELECTING THE ACTORS

We will talk about "The King of Kings," for the sake of illustration, and say that this subject is big enough not to require a star. We send for the casting director and say: "Here are the types that we want. We are going to require twelve disciples; we are going to require Mary the Mother; we are going to require Mary Magdalen; we are going to require Simon the Cyrenean—and not just people who will necessarily be able to play these parts, not just actors or actresses, but types that are psychologically right and will fit into the frame of our picture."

I could talk to you for hours on the theory of casting a picture, because it is a very important matter and a subtle one. It is not "Let us put Mamie in this and let us put Jimmie in that." We have got to make a selection and a combination that the public wants to see and that will also give us the greatest effect in artistry. Remember, the director is the point where business and artistry blend. He has to make an artistic piece of work, as he sees it, for the amount of money which the business department allows him for the picture, and he must

therefore fit his cast accordingly. He has to consider the general frame of the picture, and by "frame" I mean the atmosphere.

SCREEN TESTS

Then when our cast is selected, tests of the actors are made—camera tests. In a big production we have to make these camera tests, because we cannot trust our idea in selecting a type for the screen. If possible, we select from the screen first, before we see the individual, so that we get the screen personality free from any personal impression. Otherwise, if you see an actor on the screen after you have met him in person, you unconsciously translate the reality to the screen. Consequently you do not get the same impression as does the audience, which has not the advantage or disadvantage, as the case may be, of knowing the actor personally. That is an extremely important point.

The same psychology holds in the acting of a scene. You cannot properly judge a scene in the taking. You see it acted on the set, and you say—although you should not—"That is a great scene; that was finely done; that will be wonderful." But you should see it that night on the screen. Only then can a correct verdict be given.

MAKE-UP AND ILLUMINATION

So we make tests of characters in make-up and costumes. When you are bringing together a leading lady from some picture organization and a leading man who

is free-lancing—that is, one who is engaged by no one company, but may be employed by any—the matter of make-up is important. One of the players is accustomed to using one number make-up, and the other is used to some other. The camera man must light for each of those two faces. If he lights for the girl, and she is very light, the man will look like an Arab. If he lights for the man, the woman goes entirely white and you cannot see her features at all. There must be a blending, and all that costs a great deal of money, and still the picture has not started. Up to this point in "The King of Kings" we had spent \$200,000, and the camera had not yet turned. Under such circumstances, the financial office may become very much worried: "\$200,000 has been spent and you have not produced one foot of film. Why?" However, your wise financial man knows, if he is satisfied with the man at the helm of production, that that is where his foundation is laid.

LONG SHOTS AND CLOSE-UPS

Then we come to the starting day. All the twenty-two departments have been functioning, and our set is ready. The actors are there in make-up, ready to begin. If we have a very big set, the number of cameras is important. We may have, let us say, two or three hundred people in the set and we will use as many as fourteen cameras on one scene, to take the close-ups and long shots at the same time with different lenses. A one-inch lens gives an enormous prospect. A three-inch

lens gives us a close-up. In that way we can match our action for cutting. If in a long shot a man raises his arm to strike somebody, we want to see that blow hit, so we use a three-inch lens centered on that blow. On the long shot we cut the film from the moment the man raises his hand. Then we put in our close-up shot, which shows just the two men, so the audience sees who is struck and who is striking, and gets the psychology of it, and then we come back instantly to our long shot and show the effect of the crowd rushing in to see what has happened. That method took a great many years to discover and work out. Your director is leading his orchestra and he works up to a tremendous climax, which is the long shot; holds his orchestra a second, thrills you with a close-up, the short chord of a violin, then swings back again to the big effect.

A large number of cameras is very expensive, so we have to be quite sure that we are going to require them. Each camera uses a great deal of film. For instance, this full scene is taken on the close-up camera, although we are going to use only the moment of the blow. But when we come to study our production that night, we may find we have two other good moments in there. That is why we do not have the camera man turn only the moment of the blow, but have him turn the entire scene. Your director has to have good judgment for that. Otherwise, he can ruin an organization in the waste of film alone, because it is very expensive and goes very fast, and cameramen love to turn the handle. Film footage is one of the points where economy means much to an organization.

REMEMBERING ALL THE PROPERTIES

The next point for the director is the camera line. But first he looks his set over carefully to see if anything has been neglected, if he can see a blunder of any sort. One thing omitted can lose a whole day's work. We will say that in the final scene we are going to require a pepperbox on the mantelpiece, but that it is not going to be used for four days. So we start in with our first scene. But unless we have in mind that pepperbox which we are going to use four days from now, we are riding for a fall. We shoot our first day's work without the pepperbox up there and when we come to our last day's work, we have to go back and shoot the whole story over again, at an enormous cost. The director must have the entire vision of the picture completely in mind. He cannot be thinking only of the one scene he is about to do.

REHEARSING THROUGH THE CAMERA

After looking the set over, he says "O.K." and fixes his camera line. The camera man does not set up and take in the whole set. He approaches it exactly the way an artist does his canvas, considering what is his best position, what will give him the best effect for the dramatic point he is going to bring out. Finally, the camera line is established and the director then calls his people on for rehearsal. If he is a wise director, he rehearses through the camera and doesn't stand back and tell everybody what to do. He rehearses through the camera because that gives him the picture he is going

to see on the screen. If he rehearses without looking through the camera he gets a big, broad canvas, whereas what he is going to paint is a miniature. Actions viewed outside of the camera and viewed through it are frequently entirely different; so that by working through the camera he often saves himself a full day, because he sees what will appear on the screen and can work from that point of view.

CAMERA PSYCHOLOGY

Then the psychology of the close-up and the long shot is very marked. A long shot photographs action. A close-up photographs thought. There are some scenes that must be taken in close-up and some that must be taken in long shots. Certain scenes would mean nothing photographed 30 feet away. If I were taking a picture of the gentlemen in the back row, for instance, they could be sound asleep and the camera would never know it. Therefore, if I wanted to get their reaction to what I am saying, I would have to place the camera within seven feet of their faces. Then I would get either the expression of interest or the nod of sound sleep, after which I would come back here with the camera and go on, but the audience would now know what the men in the back seat were thinking. That is the way we handle the psychology of a scene. We jump to the spot where we want to register thought.

The movement of characters can throw one out very easily. If in a long shot a character is moving from right to left, when you move your camera in close,

that character must still move from right to left. If he moves from left to right, when you see it on the screen the character meets himself. Suppose, for example, he is walking from that door to the platform. If I move the camera round to the other side, he is moving from left to right, even though he is coming to the platform. When you see him on the screen he is going the other way. Little slips of that sort may cost hundreds and hundreds of dollars.

New angles of cameras are important. The Germans are probably the leaders in this particular technique. They look for and study new photographic angles, to get certain different effects.

DIRECTORS NOT TEACHERS OF ACTING

One of the vital things for a director to remember is that he should not teach the actors how to act. This is not the business of a director, for it means the inserting of his own personality into the actors, instead of bringing out what they have in them. Thus, instead of having Ernest Torrence and Gloria Swanson and Leatrice Joy and Rod LaRocque play the scenes, if I were to oblige each one to do it my way, you would merely have six or seven Cecil de Milles running around. In other words, they would all be playing with the director's personality and ideas, instead of their own. That is one of the most important points for a director to bear in mind, and yet it is one that probably few directors really heed, because the temptation is very strong the other way.

Every director and probably everybody in this room is confident of being able to act. That is one of the weaknesses of humanity. We all feel we are actors. I do not know why. We do not all feel we are violinists, and yet acting is a vastly more difficult art than playing a violin. There are a great many thousand good violinists. You have them in every orchestra. The great actors can be named on your fingers. Acting pays very much more than playing a violin; so it must be more difficult, although it is not generally realized, and it is for this reason that fewer aspirants reach the top. They start out with the wrong premise—that acting is easy. It is not. It calls for the playing of a much more delicate instrument than a violin.

THE ELOQUENCE OF SILENT ACTION

The technique of motion picture acting is very specialized and very exacting, because a camera has no ears. You may say the most magnificent things in the most thrilling way, but it does not hear you. It can only see. Therefore the voice is useless. A green director will insist that his people yell frightfully loud in a mob scene or that the heroine sob terrifically in an emotional scene and when you see it on the screen you wonder why they all have Saint Vitus dance—because the proper technique is missing.

The principle of screen acting I can give you in a few words. If I were to say in front of the camera "Do you gentlemen see this yellow paper here?" i

would not mean anything. I might just as well have said, "There is my watch," or "There is a gentleman taking notes." The screen version of my words is to make a moment's pause. That arrests the attention of the audience. Then I pick up the paper, I show it to the audience, I indicate it and make a gesture—like this. Now you know that I am talking about this piece of paper and you know that I am asking you a question about it. There is no need to yell at the top of my lungs and insist that this is a piece of yellow paper, for the camera cannot hear a word you say. It is skill in the conveyance of thought through gesture, expression, behavior, that constitutes the secret of good screen acting.

MUSIC AT REHEARSALS

Music plays an interesting part in the directing of a picture. We spend a lot of money to have an orchestra on hand so as to put the actor into a certain frame of mind, to get a certain emotional response. But music is just as bad for the director as it is good for the actor, because it often fills an emotional spot for him. In watching a scene in the taking while an orchestra is playing I always put my hands over my ears, so that I will not hear the music. In the scene that is being directed there may be a bad gap somewhere, which might be insensibly filled by a beautiful and satisfying note from the orchestra, and then not until the scene was projected on the screen would I discover it and realize that the music had covered up the weakness.

THE COST OF TIME WASTED

The element of time, of course, is of extreme importance. The driving force is the battle of time with art, and time means money. A director has to learn to keep two balls in the air at the same time. Take the case of "The King of Kings." That picture cost \$19,000 a day to make for a hundred and sixteen days of shooting time, or \$2,225 an hour. You can see what a moment's indecision may involve—a little absent-mindedness on the part of a director or the forgetfulness of a property man who leaves a certain prop at home. Figure the cost, for example, of waiting two hours while some one goes after Pharaoh's forgotten scepter. Therefore your machinery of direction with your assistant directors must be perfect.

HANDLING A MOB/SCENE

These assistants do more than remember props. Suppose you are handling a great mob—two or three thousand people. You cannot shout at two or three thousand people and expect in that way to direct them, notwithstanding that each one of the crowd is an actor with a definite piece of business to do. You do not want your mob to wave their arms together like a lot of automata. You want life. You want variety in the tumult. So the crowd is divided up into companies of a hundred, and one capable assistant director is placed in charge of each hundred. In that hundred extra people he has ten good actors, and each of these actors is assigned nine extra men, to whom he gives the business which

he receives from the assistant director, while each of the assistants gets his instructions from the director. That is the way these big mob scenes are handled. They are worked out as mathematically as you would work out an attack on an enemy.

MEETING EMERGENCIES

The problems that confront a director are very interesting. Sometimes they come suddenly and unexpectedly and must be met right on the spot. To show you the quick thought that a man must have, let us take the case of the opening of the Red Sea about which I spoke a moment ago. Those of you who may have seen the picture will remember that the Children of Israel come along through the bottom of the sea for about a mile and a half. The exposure took in the walls of water on each side and it was in a curve, if you recall. The people were driving their flocks of cattle through, and, if a sheep or cow happened to run off into the side out of the line, it would run into one of the walls of water. Of course the walls of water were not there actually. They were on the second exposure of film, but if the flocks had wandered off at all you would have been treated to the sight of a herd of sheep apparently strolling into the Pacific Ocean. Therefore, we had to build a fence that exactly corresponded with the lines of the divided sea, in order to keep the cattle inside of those walls of supposed water.

But the fence posts threw a shadow. When we in-

spected them before shooting we discovered that there were shadows of fence posts for a mile along the bottom of the Red Sea. The only thing to do was to shoot the scene of the crossing exactly at noon. There were 3,000 people and 8,000 animals in it. That was quite an undertaking. However, we had them all ready to start, when at twenty minutes before twelve some bright chap came to me and said, "Mr. de Mille, do you know the bottom of the Red Sea is dry?" Of course the sand was dry. Here we had just sent the waters apart and yet the bottom of the sea was perfectly dry. This was twenty minutes before the time set to turn the camera. The cost upon that location was \$50,000 a day, and it had meant a full day just to move the animals and people out to that particular spot, which was a long way from camp. So with \$50,000 at stake and twenty minutes in which to save the situation. I called for a quick suggestion as to how we could darken that sand for two miles. If we could get it dark and glistening we were saved. If it remained dry and white we were lost. What could we do? Somebody suggested a pump. We had some pumps there. In about eight of the twenty minutes our men had pumped water over a strip about forty feet long and when they got to the end of it the starting point was dried again. I suggested black paint. "How much black paint have we got?" The painter stepped up and said that there wasn't paint enough in California to paint that sand.

What would you gentlemen have done? How would you have darkened that sand? We were working by

the sea within forty feet of the shore line. I will tell you how it was done, because time is pressing. Allah again was very kind. In looking desperately about and thinking "What can I do with this thing?" I saw a great kelp bed at my feet. Instantly I gave the order—"Everybody, men, women, and children, get up this kelp!" They gathered up the kelp and laid it down for a mile and a half, like rushes that we read about on medieval floors. At exactly 12.02 we had a nice wet bottom of the sea and we turned the camera. That is the kind of problem that the director is often up against and has to solve. If we had not solved that one, you can see what the consequence would have been—a tremendous loss.

A TRYING SITUATION

I will give you another instance, a rather amusing one. I once made a picture called "Male and Female," with Thomas Meighan and Gloria Swanson. Tommy supposedly had just shot a leopard and had it hanging over his shoulder. The property man had provided a stuffed leopard, with one foot sticking out so and the tail going off at an angle. I saw it and was greatly annoyed, because I had talked with the man about it and had said specifically, "Get me a body that is limp and will hang as though the animal were just killed." So the taking of the scene had to be postponed until we could secure a proper-looking leopard. Meanwhile one of the property men came up and said, "There is a real leopard over in the zoo that has just killed a man." I said, "Get me that

leopard," because I knew the animal was going to be executed anyway. Any animal that kills is treated as a murderer and summarily put to death. "Bring him over here," I ordered, "and we will kill him and Tommy can hold this dead leopard over his shoulder while he plays his impassioned love scene."

So the leopard was brought over. It proved to be a magnificent animal. I said, "We cannot kill that animal; it is too beautiful a specimen." Tommy looked a little doubtful, but I said, "I'll tell you what we'll do. Get a lot of chloroform and ether and some sponges." The property man rushed off and bought all the chloroform and ether in Hollywood, and we poured it on the sponges and put it into the leopard's cage and put something across the front. There was a terrible to-do inside the cage, a rocking back and forth and frightful noises. Pretty soon everything was quiet, and we opened the cage and found the leopard lying limp and apparently lifeless. The scene was all rehearsed and ready. We put the unconscious leopard over Tommy's shoulder and said, "All right, Tommy, go ahead." We had men with Winchester thirty-thirties all around this love scene, and it was a rather long love scene. We had to take it two or three times.

I do not know whether you gentlemen have ever had any experience with a patient coming out of ether or chloroform or a mixture of the two; but the mixture we used certainly had a strange effect. In the middle of the love scene the leopard started. He was perfectly unconscious, but perhaps you have heard human beings talk

under the influence of ether. Well, this leopard talked and talked in the middle of this impassioned love scene, and Tommy, with Gloria's hand pressed to his heart, said, "Mr. deMille, I tell you he is coming to."

ESPRIT DE CORPS

I will give you another instance of what a director must inspire in his people—a different story, to show you the *esprit de corps* of the motion picture profession, and I know of nothing that will better illustrate it. When that camera turns it is the wheel of fate. I was shooting a scene in "The Little American," and we were firing a line of guns, supposedly French seventy-fives. As they were using the real ones over in France, we had to use imitations. In the middle of this scene the breech-block blew out of one of them and one man had a portion of his side torn away, another had a great splinter go through his mouth and tear out his cheek. That whole gun crew was shot to pieces. But there was not one of those men that stopped acting. There was not a man on either side that turned to those fellows. They glanced at them as they would have done if it had been a real shell that struck, and went on with their own guns until the scene was played through and the whistle blew. Then they ran to help their comrades.

Men in our business will give their lives, gentlemen, to carry through. Nothing will stop them. They will do anything.

I could go on talking to you for a long time, but my

hour is up. I have enjoyed this brief talk and I hope you have got something from it.

VII

SHORT REELS AND EDUCATIONAL SUBJECTS

EARLE W. HAMMONS

President, Educational Pictures, Inc.

MR. KENNEDY, in introducing me, stated that the word "educational," applied to our company, is a misnomer, but there is a reason for it, like everything else. When I first organized this company in 1915, it was with the sole idea that I would produce strictly educational pictures. It did not take me long to find out that the demand did not exist and that we could not survive by doing that alone. While I have constantly kept that objective in mind, I have had to take a wide curve in order to reach it eventually. Our actual work consists in supplying the theatres of the country.

THE SHORT-REEL SUBJECT

We supply a few over thirteen thousand theatres, which I think is the widest distribution of any of the companies. We issue only what we term short-reel subjects. By short-reel subjects I mean anything of two thousand feet or less, taking from five or ten minutes to half an hour to run. You gentlemen have heard about the feature pictures, so I will start out by trying to tell you what relation the short subjects have to the features.

ITS IMPORTANCE

Of course the feature pictures are the most expensive, and a great many theatres use feature pictures as the backbone of their program. The short subjects, in my opinion, are just as important to a theatre. When you sit down to a meal, one substantial dish is indispensable, but for the complete satisfaction of your appetite it is necessary to have other things, such as soup, vegetables, salad, dessert, and coffee. Our slogan is, "Educational pictures, the spice of the program."

The principal product that we have released—probably some of you have seen them at the theatres—consists of the Mermaid comedies, Christie comedies, Bobby Vernon comedies, Cameo comedies, Tuxedo comedies, Juvenile comedies, Lloyd Hamilton comedies, and Lupino Lane comedies. We also put out the Kinogram news weekly.

Originally, all pictures were short-reel features. The first reels were only two or three hundred feet long. When the first three-reel picture was made it occasioned a great deal of criticism. They said no audience would sit through three reels, or forty-five minutes, of a motion picture, so the theatres ran it in serial form, one reel one night, another reel the next night, and a third reel the third night. Finally they found that an audience would sit through more than forty-five minutes, and that resulted in the development of the feature picture.

The short reels are very important to a program of entertainment. The theatres primarily want to give you entertainment. While there is a place for the big super-

features, such as Mr. de Mille and Mr. Griffith make, there is a place for the short subject also, just as in the field of letters there is a place for magazines and short stories. Our pictures are short stories in screen form.

INTERMEDIATE LENGTHS NOT SALABLE

I think we are under more of a handicap in making short reels than is the producer of the so-called feature. By "feature" I mean a picture of five reels or more in length, anything running from an hour and fifteen minutes to two or three hours. We are limited to thirty minutes. Through a peculiarity in the exhibiting end of the business, anything between two reels and five reels in length has rarely proved a success, because it does not fit into a program. If I have a picture three and a half reels in length, regardless of the fact that it might require that length to tell the story properly, and I go to you, a theatre manager, you are apt to say you have no room. Therefore we are limited and must make our pictures with the required length of film.

COMEDIES HARD TO MAKE

Incidentally, the comedy is the most difficult picture in the world to make. There are hundreds of directors at the present time around the world, in Hollywood principally, who are capable of taking a manuscript and making a so-called feature picture. But you can count on your fingers the men capable of making salable two-reel comedies. In dramas you can use the same themes over

and over again, but with comedies you cannot. It is like telling a funny story. You may get a laugh the first time, but if you keep on repeating the story it falls flat. Therefore, comedies to be successful must constantly offer something different. One of our most prominent directors claims that laughs in the film world are worth \$330 apiece. That means they are valuable and scarce.

The variety that we have to get is what makes it difficult. A comedy director ordinarily does not work from a script. He gets a fair skeleton outline of the picture and he has two or three so-called "gag men." If they can give some laughs they are real "gag men." If they do not, they are so-called "gag men." They start in, and one situation will suggest something, and that will lead to something else. It very rarely happens that when they begin making a comedy, they know more than the start and the finish. That is why it is impossible to write good scenarios for comedies. The comedy has to be developed as it goes along.

THE NUMBER OF SHORT REELS PRODUCED

There were something like six hundred and fifty so-called features produced during 1926. During the same time there were about fourteen hundred short subjects produced in this country. Adding to that the miscellaneous pictures we got from abroad and the product of the so-called independent producers, we get a total of about fifteen hundred short features put upon the American market during the past twelve months.

THEIR COST AND GROSS EARNINGS

A short subject has great competition. You have heard of the competition in the features, but there is just as much competition in the short subjects. We have to have an organization practically the same as the large feature companies. We have thirty-six offices in the United States and Canada and have to pay the manager of one of our offices just as much as the large feature companies pay theirs. We have to pay just as much for our stock, just as much for cameramen, just as much for typists and bookkeepers, and just as much for office rent. The only thing that does not cost so much is the amount per reel. We do not have to go out and spend \$30,000, \$40,000, \$50,000 or \$100,000 for a story. We do not have the highest-priced actors like those some of the feature companies can afford to employ, although I assure you that the people we employ in the acting department get quite enough money. Some of them I think get too much. However, when their ideas become too exaggerated they have to pass on, because you can gross so much more on a feature picture. The amount of money you can gross on a two-reel comedy is limited. For that reason, it is essential to watch your costs even more carefully in producing short-reel subjects than in the production of features.

The ordinary two-reel comedy will cost somewhere between \$10,000 and \$40,000 a picture. To make a profit on your investment you must gross at least three and one-half times and you should gross four times the cost. In other words, if a picture costs \$20,000, you should gross \$80,000 in order to make a good profit.

CRUDITY OF EARLY PICTURES

When I first came into the industry, the short-reel pictures, with the exception of those produced by two companies that were making comedies, scenics, and educational pictures, were commonly known as "chasers," and they rightfully deserved that name. If a theatre had an audience and wanted to get another audience in, they put on one of those chasers and it would get the people out. The reason those pictures were chasers was that some assistant cameraman or assistant to the assistant cameraman would take a camera and a thousand feet of film and go out and keep turning and turning. If he took ten feet you might be interested in seeing it, but you would not be interested in seeing fifty feet. Finally we contrived to cut that down and make really interesting pictures by selecting our views and shooting only ten feet where it was required, instead of fifty.

IMPROVEMENT OF THE SHORT REEL

Then our great problem was to try to make the theatre owner understand that these were no longer chasers, that he could run them and have the audience remain in their seats and in many cases enjoy the picture. Finally, after years of study in making better pictures, we succeeded so well that now some of the bigger companies like Paramount-Famous-Lasky and Metro have determined to go into the releasing of short reels. Personally I do not think it is sound business for them to do it. But they think otherwise, and only time will tell.

FUTURE COMPETITION FROM BIG COMPANIES

How are we going to meet such competition? Take a big organization that has a number of theatres. One of the principal theatre chains in the United States, known as the Publix Theatres, is affiliated with and owned by Paramount-Famous-Lasky. Paramount-Famous-Lasky are going into the releasing of short subjects. It is only natural to expect that their theatre department will book all their short reels. These theatres have been a source of large revenue for our company, and we are confronted with the problem of retaining that revenue. I think that will be comparatively hard, but at the same time it can be done. I say that, first, because of the fact that with the terrific amount of money they have invested in their theatres they will be compelled to use the best pictures in order to hold their audiences. They will have to do more than that. They will have to gain a new clientele, because the building of theatres is going on very rapidly and unless they get additional audiences they are going to be in great trouble. The head of the theatre department in order to make his theatre successful will have to be given a free rein. They will have to let him buy the best pictures wherever he can get them. That is where we come in. We feel that our company has demonstrated during the last seven years that we have been able to produce the best short pictures. I do not give that as my unsupported opinion. It is borne out by the fact that over thirteen thousand theatres have regularly booked with us at prices in excess of what they ordinarily have to pay for short subjects. They at least believe that our

pictures are the best. Therefore, the big theatre chains will have to have our pictures even though they also use their own.

SPECIALIZING IN SHORT REELS

Why do I say that our pictures are the best? Of course, it is the natural thing to say. But I attribute the excellence of our product to the fact that we specialize in these particular pictures. We do not believe that anyone with whom short reels are a side issue can do as well as one whose entire product is short subjects. No automobile manufacturer could make a bearing as good as the Timken bearing because the manufacturers of the Timken bearing specialize in making that particular part. Therefore we ought to, and we do, make better short pictures than someone who attempts it as a side line. Another thing that is most important is talent. In my observation in the last seven or eight years, since we have become a national company, talent is very, very important. I find that you can practically count on your fingers the men at present available who are capable of making first-rate two-reel comedies.

FAILURE OF THEATRES TO ADVERTISE THEM

I understand you gentlemen make a specialty of solving business problems. Here is one that I have never been able to answer. I am speaking of ninety per cent of the theatres of the country, eighty per cent anyway. You go down to one of your local theatres and all you will

probably see outside is an advertisement of a particular feature film, and they ask you to pay twenty-five to fifty cents to go into that theatre. When you get inside you will find that you have probably a good orchestra, a feature, a news reel, and a comedy to make up your entertainment. The thing that I cannot understand is why that theatre, in trying to get your fifty cents, instead of saying, "We have this one article; come in and pay fifty cents," does not say, "We have five articles," listing them.

In looking at the advertisements of the steamship companies in the paper this morning I find one of a trip to Quebec for \$165. That is not all it says, just "Quebec on one of our steamers and back, \$165." No; they tell you, "Glorious days at sea on the beautiful St. Lawrence, music, dancing, deck games, magnificent scenery, transportation of passengers, and baggage to hotel at all ports, three days at Quebec," and so on. By doing that they have much more chance of getting your \$165. Suppose nothing appeared in this advertisement but "Quebec"; we should all think a long time before going.

The theatre owner is not taking advantage of everything that he is giving his audience. Hundreds of times you pick up a paper in which a reviewer is reviewing a theatre's entertainment and you will find no reference to the short reel or the comedy.

BEAUTIFUL FILMS WITH NO MARKET

Another mystery I have not been able to solve is this: While in France a few years ago I bought a beautiful

hand-colored picture entitled "The Voice of the Nightingale." It is to my mind one of the most beautiful pictures I ever looked at. I have never known anyone to look at that picture and fail to agree that it was a beautiful thing. It took the Riesenfeld prize for the best short picture released in 1925. Well, some of the theatres would not book that picture. We could not sell it.

The following year, 1926, we were again awarded the Riesenfeld gold medal for the best short subject of the year, "The Vision," another beautiful picture. It played down in the slums and received tremendous applause and has met with great success with every audience. If I were able to show it to you gentlemen this minute, I am sure you would enjoy it. Yet the theatres will not take it. What is the answer? I have not been able to find out except that a great many theatre managers do not represent their audiences. They want to hear them laugh or they want to hear them cry, and if they do neither they think they are not entertained. I should like you gentlemen to try to give me the answer to that problem, because it will help me a great deal.

On the first picture that I mentioned, "The Voice of the Nightingale," the producer worked eighteen months. The result was a classic which richly deserved the Riesenfeld gold medal. Yet his profit to date is only \$35. Can you imagine it?

THE NEWS REELS

One of the subjects that we have put out is the Kino-gram news reel. A news reel is made up like a metro-

politan daily. We have men stationed all over the world. Some of them are under contract at a certain salary and are given a certain amount of film. As they send it in, they are paid an additional amount for the film that is used. That must be brought out just as quickly as possible. They use aeroplanes and automobiles, anything to get it out. These news reels are issued twice a week. The expense is enormous.

WASTE IN EXCESSIVE COMPETITION

At the present time there are four news reels on the market. The first of September there will be six. There is hardly revenue enough to support four. I tell you this merely to show you the vast waste that exists in practically all branches of this industry. You gentlemen have a wonderful opportunity to devise ways and means of cutting out some of that waste.

With these six news reels there will be six organizations, and at least three-fourths of their efforts will be duplicated. If they are taking a launching of a ship, they will have six shots of the ship instead of one. Maybe the answer to that is something like our Associated Press. I do not know.

THE FUTURE OF EDUCATIONAL FILMS

As members of the Motion Picture Producers and Distributors of America, the Hays organization, we subscribe wholeheartedly to their policy of developing educational films and contributing to the general usefulness

of motion pictures. I am in hopes that our companies will be the leaders in the educational end of the business. I know that this educational aspect is scoffed at at the present time. It was scoffed at in 1915 when I organized the Educational Films Corporation of America.

Mr. Kennedy told you that the name of our company was a misnomer. In 1915, as I have said, I organized it with the sole idea of making purely educational pictures for the classroom and other uses. We spent a good deal of money trying to do that.

DESTINED TO BE THE LEADING BRANCH

You gentlemen all know from the people who have talked here of the vast sums of money involved in the motion picture industry. There are fewer than forty thousand theatres in the world, and probably twenty thousand of these are in the United States and Canada, from which approximately three-fourths of the revenue must be derived. Outside of these there is what is known as the non-theatrical film. The non-theatrical end at this time is a mere branch, or twig. I have been watching it closely and studying it for the past twelve years and I am beginning to believe that in a comparatively short time it is going to become more prominent. I think a greater field for success exists in that department at the present time than in any other branch of the industry. Of course, I cannot predict the number of years, but I venture to say it will not be so many years before the present industry will be the little twig or branch and the

non-theatrical, educational entertainment, will be the trunk. You know the number of colleges and schools in the United States; you know the number of Y. M. C. A.'s and the number of different welfare centers. These are all good prospects. There are also great opportunities in the big factories.

I saw a picture the other day of a trap-shooting tournament, the breaking of clay pigeon targets. That was both interesting and instructive. When you can combine the two it is a great thing. A picture of that kind can play in both the theatrical and the non-theatrical fields.

I should like to have you gentlemen ask me any questions you wish and I will do my best to answer them.

QUESTION PERIOD

Question. How do you sell the pictures? Do you use block booking?

Mr. Hammons. We have to sell in block booking on account of the expense. The expense of a short-reel organization, roughly speaking, will run about thirty-eight per cent. That is the cost of distribution, including the overhead of the organization, but not the cost of the actual negative and prints. A feature company's expense should be from five to seven per cent less. Why is that?

Take a comedy that cost \$30,000. I am a salesman employed by a short-reel company, which has to pay me the same salary as a feature company would pay, and I go to a theatre to sell this picture that cost \$30,000. Perhaps I may be able to get \$500 rental. With the fea-

ture I go to the same theatre, but this time I have a picture that has cost \$200,000. Naturally, I must get a great deal more than \$500. We will say \$2,000, with about the same sales effort. You see, we should be eaten up by expense if we sold picture by picture, so, to overcome that, we sell by series.

I believe our company was the first company that started to put into effect the non-cancelable contract. We were compelled to do that. Last year we had seventy-two two-reel pictures, a hundred and two one-reel pictures and a hundred and four issues of Kinograms. What we would endeavor to do would be to sell that entire output to a theatre. We do that for two reasons, first, to cut our overhead down and secondly, to make it possible to go ahead and operate. We must have volume bookings in order to keep our overhead down and we have to know that these pictures will sell, in order to produce them.

That is not always true in a feature picture. Mr. de Mille prior to finishing "The King of Kings" had not one single booking. He did not know whether it was going to be big or not and he did not dare try to book in advance. We do just the opposite. We will start the second of May selling pictures that we shall make during the next twelve months.

Does that answer your question? The direct answer is yes, we do block booking.

Question. You spoke a while ago of the educational pictures for factories and such as that, coming in the

future. Are the larger established companies taking that up now, or are they waiting for the smaller independent or newer organizations?

Mr. Hammons. No; the larger companies have not taken that up. We are probably the largest company specializing in short subjects. We have not done that yet, although we have carefully studied it. I always have one or two men out making surveys of that situation. The reason we have not done that is that I did not want to attempt it until I could do it in a big way. Unless you do it in a big way you will run into failure on account of overhead expenses. There have been any number of companies who have tried it, but they have failed for several reasons; first, because they were not equipped; they did not have the knowledge; secondly, they started to build up an organization, and the overhead of that organization would eat them up before they could get any revenue in. So a company to do that successfully must be a "going" company, one that is not dependent immediately on the new source of revenue.

We have thirty-six offices. Any other company that was not in this industry would have to start a similar organization, and it costs a lot of money. We could start it gradually if we cared to. We could put a man here in Boston if we thought this was a good territory to start experimenting in. Then we could continually add. That, in my opinion, is the only way to establish it.

We have almost come to the conclusion that the time is getting ripe to start. It is going to be a hard thing to do. There is a lot of prejudice to overcome, but there

are many ways in which the field can be opened up and gradually developed.

One branch that appeals to me as especially promising is surgery. You have a famous surgeon performing an operation. Only a few people can see him. If you took that in slow motion, the surgeon himself by re-running it and studying it could see any false move he may have made. The more it is seen, the more it will sink into the mind of the person seeing it.

These operations are reported in the medical journals. The physician in the small town has to get his information through reading the medical journal. If he can do that and then run this picture three or four times in slow motion, when he is called upon to perform a similar operation himself he will be very much better prepared than he would be if he had not looked at that picture.

I think some time in the next few years our company is going to make very determined efforts to do something in the non-theatrical field.

Question. Do you confine your work to distribution, or do you also produce? You spoke of distributing such pictures as Cameo comedies, Tuxedo comedies, Christie comedies, and so forth.

Mr. Hammons. Up to the fifteenth of February of this year we were solely distributors. On that date we purchased four-fifths of our producing units. Now we are producers. I mean the company has done that. Prior to that, I had been personally interested in our producing units and supervised them out on the coast. We have a

very large studio out in California. We have just as fine equipment and just as expensive equipment as any of the big feature companies.

We also have a little plant at Providence. We made several pictures for the Rockefeller Institute, notably "The Unhooking of the Hookworm." We made some pictures for the American Telephone and Telegraph Company, things they wanted to show to their own people. We made a picture having to do with the radio. The radio has always been a mystery to me. It was not until I saw this picture that I began to understand its principles.

In making pictures of this sort we have to go to your big colleges for experts. When we go into the non-theatrical field it is our purpose to go to the big colleges, like Harvard, Yale, and Columbia, and try to get the loan of professors in those particular branches that we think are the best to start with. We shall want the information to be as absolutely authentic as it can be.

Question. Would it not be an economic move for your company to hook up with one of the larger organizations like Famous Players, that has its own chain of theatres?

Mr. Hammons. We have been approached several times on that subject, and I had to decide no. My reason for doing that was that while we could get their business—and their business would help us a great deal—we are tied up with one of the big theatre chains at the present time. I shall take a few minutes to tell you about that.

When we first produced pictures ourselves, we released through independents on a percentage basis, but we did not get the percentage we were entitled to. We finally opened our own branches. I went to the big theatre chains in the various districts. Here in this New England territory Mr. Gordon owned the biggest chain of theatres. I sold him a forty-nine per cent interest in this particular exchange, retaining a fifty-one per cent interest. In Chicago we went to Balaban and Katz and sold them a forty-nine per cent interest in that exchange. In the beginning that was fine, because all these theatres were interested with us. Then they tried to use that interest for the benefit of their theatres and tried to pull down the price. They thought that because they were interested with me, they could pay anything they liked for their film. I told them that would be satisfactory to me if they gave me a fifty-one per cent interest in their theatres. If they did that, they could make their own price for pictures, but until that time I was going to sell to the theatre that paid me the most money.

The business we have received from the Famous Players theatres has been about one-tenth of our gross. We are in thirteen thousand five hundred theatres. Such a combination as you speak of might be a good thing and it might not. It is really a debatable question. I am not always sure in my mind that I have made the right decision. I hope time will prove that I have.

Question. In the educational field, do you expect much competition from the amateurs with the Eastman Kodak?

Mr. Hammons. No; I think they will be a great help. It is quite surprising the number of amateurs that have developed in this field. They use what is termed a 16-mm. film. The standard size is 35 millimeters.

Non-theatrical does not mean a purely educational picture. The term "non-theatrical" applies to pictures that will be shown elsewhere than in a theatre. If a picture is shown in a theatre, it is theatrical. Otherwise it is not.

If you have one of the new small projectors, you want to know where you can get pictures. We are planning to establish a film library so that you can come and get pictures. There are a great many branches in the non-theatrical field.

Therefore, I say the ground is absolutely unscratched and, to my mind, there is a wonderful opportunity for financial and other success in that line.

Question. Do you think there is any opportunity for you to get news for your news reels by making arrangements with the Eastman Kodak Company to give you any interesting films that these amateurs might make, by paying a royalty?

Mr. Hammons. The Eastman Kodak Company is primarily interested in selling film. The trouble with these machines that the amateurs have is that they are not of the size that is used in the news reel. There is a standard size, used in all theatres, that is 35 millimeters. The kind you speak of is 16 millimeters. You might go out and make a most interesting picture with that camera,

but the news weeklies could not use it because it is not standard size. You can take the standard size and reduce it to the smaller size, but I do not know whether the 16-mm. can be enlarged to the standard size. If so, it must be done quickly. Nothing is so old as yesterday's newspaper, and the news reels have to get as timely subjects as the newspaper.

I saw a most remarkable picture that was obtained by accident. Kinogram News Weekly had made arrangements with Commander Byrd for the exclusive right to picture him. There is great rivalry between the news reel people to get a "beat" on the screen. That is why we use aeroplanes and take such chances, some of these fellows risking their lives a dozen times a day, because time is the essence of their work. Commander Byrd was making his trial flight, and they caught him as he fell and crashed. That is a wonderful picture. Washington has asked us for a copy of it in order to verify the exact cause and manner of the accident. You know, if there are ten eye-witnesses to an event, all equally honest, you will probably get ten versions, but the camera will give you only one and that one will be correct. This machine was making a landing. The nose went right into the ground and the whole plane completely somersaulted. It seemed to me, as a layman, that the weight was not properly distributed on the wheels. Possibly the wheels should have been farther advanced or farther behind. At any rate, the machine was topheavy and over it went. From that picture they should be able to find out the fault and correct it.

Question. Are you planning on making little films of the same size used in the Eastman Kodak?

Mr. Hammons. Yes, sir.

Question. Will they be sold, or rented?

Mr. Hammons. That is something we shall have to determine. In some cases they may be sold and in other cases they may be rented, whichever will turn out to be the best method. We shall take the pictures with the standard size film and reduce them. Thus the public will get the benefit of the better pictures. We already have a very large library that we have been gathering for ten or eleven years, and it contains some very interesting subjects.

Question. Does the short-reel subject have a longer length of life than the feature?

Mr. Hammons. Yes, sir, very much longer. With very few exceptions it has two or three times the life. At times, possibly this week or next, we can use a film that we made ten years ago. That is not true of a comedy, because a comedy is something like a feature. If you once show it, it is through; you cannot revive it. Of course, if you had a picture of Washington crossing the Delaware you could use it fifty years from now. However, styles change and the clothing will be different, and that makes it difficult to use pictures of an earlier day.

Question. Do you feel that news reels have any historical value as library material? Do you think many of those will hold over in years to come?

Mr. Hammons. In the news reel you have some very wonderful subjects and many of them are classified and indexed for future use. In every news reel organization one of the most valuable assets is what they term the "morgue." As you probably know, that is a newspaper term. A newspaper can get clippings from its files on almost any subject. We do the same thing. Of course, we cannot keep all our films, because this building would not hold them, but we try to keep the most important and those that could not be duplicated.

Question. Do you find that your comedies which are sold under brand name, rather than with the name of the star, are as readily salable?

Mr. Hammons. The star name usually sells better. However, there is one brand name that sells as well as the star name and that is the Mermaid Comedy. Occasionally we combine the two. Several years ago we started a series called "Juvenile Comedies" and last year developed a little boy only two and one-half years old, known as "Big Boy." He has proved to be a charming and popular little actor and all the theatres want him. Our salesmen wanted the brand name changed to "Big Boy" comedies, because under that name they thought they could sell the pictures more easily. I felt it was unwise to discontinue the name "Juvenile" so I said: "Yes, but, if you do that and something happens to this boy, we have given up a brand that has been successful and that has cost us a lot of money. Let's compromise and call them 'Big Boy Juveniles.' We shall get the

benefit of the 'Big Boy' star series and we retain the advantage of what we spent on the brand name, 'Juvenile.'"

However, that case was an exception. The star series will ordinarily sell better.

Question. Why do you have various brands such as Cameo and Mermaid and the others that you mentioned?

Mr. Hammons. The Cameo is a one-reeler. The Mermaid runs two reels. Suppose we have a certain series of pictures that we think we want to make. For one reason or another we cannot call them Mermaid; so we have to think of a new brand name. We try to think of a name that is easy to say and easy to remember. We had to adopt the brand "Tuxedo Comedy" because we could not put them in under the Mermaid. It seems that it is easier to sell three or four or five different names.

Question. Don't you think the educational film must wait, before it achieves complete success, until the vitaphone or some similar instrument is perfected, so that the picture can be accompanied by the voice?

Mr. Hammons. I do. That is a true prediction. When you can take a Stoddard lecture, for example, and put it in the small town halls which Mr. Stoddard never visits, the educational effect of his travel talks will be multiplied many times. And so it will be with every kind of lecture or lesson, from the simplest talk on health to the most technical discussion of chemical problems, in which the text requires illustration to be entirely clear and the illustrations themselves need to be explained as they

run along before the eye. The perfect synchronization of sight and sound is sure to open up a new world of instruction as well as of entertainment. The day of that development, I am convinced, is near at hand. In the meantime we are preparing for it by utilizing the educational value of the silent screen, with such interpretations as may be given by titles or by a lecturer present in person. We are now at an intermediate stage, with many signs pointing to a considerable expansion in the near future.

VIII

THE ACTOR'S PART

MILTON SILLS

Star, First National Pictures Corporation

SOME months ago, together with a few of my colleagues, I was asked to speak over the radio at Philadelphia. It was advertised in advance that telegraphic questions to the speakers would be answered. The result was an inundation of wires, most of which were impossible for us even to read before the ceremonies began. Among the wires I received, there was only one that remains in my mind. It ran as follows: "Where were you born and why?" This malicious question pierced the armor of my self-complacency and rankled. In an effort to save my face, I elected to regard it not as a personal insult, but as a challenge to the profession to which I belong. Why does the actor exist? The question set me thinking, and the result was an appraisal of the actor's service.

Certainly the salaries we received were notorious, if not a crying scandal. Women's clubs had passed resolutions denouncing them, even suggesting that they be reduced by legislation. Mountebanks were paid stipends many times larger than the wages of the President; and instead of contributing important public service in return, they were "debauching the youth of the nation by the

wickedness of their private conduct" and the bad example of their performances on the screen. What could possibly justify such a state of affairs?

DIFFERENT CLASSES OF ACTORS

Let us look the facts in the face. Let us glance at the numbers of actors employed in the motion picture industry, get a rough idea of the compensation they receive, and learn something of the conditions under which they work and live. Then let us ask ourselves the nature and the importance of their contribution.

Roughly, the human figures you see on the screen can be divided into five classes: the "extra players," the "rank and file" actors, "featured" artists, stars, and actor-producers.

THE EXTRAS

As Mr. Hays has told you, there are some 18,000 extras registered in Hollywood, receiving from five to fifteen dollars a day—but neither every day nor simultaneously. Their living is precarious; nevertheless, they perform an essential function in the making of pictures, supplying the necessary human background and environment of the principal actors in the production. They have, for the most part, sufficient experience and training to execute what is required of them with a minimum expenditure of time and explanation, thus economizing on production cost. In addition, they constitute the nursery of the industry where the stars and principal players of tomorrow are incubated.

THEIR POTENTIAL VALUE

A very serious problem is the discovery and development of new talent. There is a great dearth of leading men and leading women especially. Where several hundred productions are made annually, there is not enough good talent to go around—the result registering in mediocre and inadequate casts. “We must have new faces,” is the perennial cry of the producer. His hope lies in the ranks of the “extra.” The extra’s sole inducement, in most cases, for enduring his unenviable lot is the glittering promise of advancement. Ability or luck may turn the trick over night. It is a gamble, heartbreaking or fascinating, according to one’s temperamental outlook. Only a few have been chosen, but among these there are some of the most gifted, conspicuous, and fortunate names in the profession.

SCREEN CREDIT

The gulf between the “extra” and the actor is rather wide. It is defined largely by the accolade known in the industry as “screen credit.” This is bestowed upon the actor when his name is placed in the cast at the beginning of the picture or thrown upon the screen at his first appearance. It is the ambition of every actor to receive “screen credit.” The number who have been promoted to this eminence in Hollywood is roughly two thousand. Most of these are employed by the day at from \$20 up. Most of them receive “screen credit” only intermittently for their work in various productions.

RANK AND FILE ACTORS

The number of actors who receive under \$500 a week and who are in occasional demand is approximately 1,000. A large percentage of these have average annual incomes of about \$3,000. A few run as high as \$8,000 or \$10,000. Accurate figures are, however, not available.

Of first-class actors, in almost constant demand, there are about three hundred. These actors receive from \$500 to \$1,500 a week. For at least two-thirds of them, thirty-five to forty weeks may be regarded as constituting a very good year. They are not under contract, and time between pictures is lost. They form the respectable bourgeoisie of the motion picture community. Most of them own modest homes and drive their own cars. They save money and make investments. A large proportion of them are married and have families and live the lives of normal, middle-class citizens.

THE FEATURED PLAYERS

The aristocracy of the profession consists of the "featured" artists, the stars, and the actor-producers. There are some hundred featured players under contract whose salaries average \$500 a week. The range, however, lies between \$200 a week and \$3,000 in exceptional cases. Contracts are usually for forty weeks out of the fifty-two, but in some cases are for the full year. Included in the three hundred first-class actors mentioned before, there are some "featured" players not under contract, with a similar range in salary. These are called free-lance

actors. The free-lances play in as many pictures as they can. The contract "featured" players average five pictures a year.

DISTINGUISHED FROM STARS

The "featured" player is distinguished from the star, technically, in having his name billed after the title of the picture and in smaller type, prefixed by the invidious particle, "with." The name of a star is regarded as needing no modifier and precedes the picture's title in letters as large or larger. This denotes that the featured player's past performances have endeared him to the public to such an extent that his name pulls money into the box office, but not quite hard enough. As a matter of fact, he is the stablest commodity in the business, and nowadays, when the public is beginning to go to see stories as well as stars, his importance is very great. Vehicles do not have to be found for him; he fits the vehicle. Most of these "featured" players make themselves economically independent in the few years of their heyday. They have pleasant homes and are regarded as good risks by banks and life insurance companies. Most of them are leading men and leading women, but there are also prominent juvenile actors, character actors, old men and women, and so-called "heavy" men and women in the group.

THE STARS

The number of first-class stars is seventy or thereabouts, two or three of whom are not under contract at

present. Seventeen of these are actor-producers. Some fifty others are under contract. Of these, the percentage who receive a share in the profits of their pictures is negligible. The amounts of their salaries are not available—they are jealously guarded secrets—but from what I can gather, they range from \$2,000 to \$15,000 a week. The average would be \$4,000 to \$5,000. Most contract stars are limited to making four pictures a year. A greater number would incur the danger of surfeiting the public. Faces can become stale. After all, the public has its limits of endurance.

While they do not share in the profits of their pictures, most of these stars have something to say regarding the choice of stories and directors, and they have a lively interest in eliminating waste and lowering the cost of production, for they realize that, if their pictures are too high-priced, the exhibitor refuses to buy them. Having reached a distinguished place in their profession, they are greatly preoccupied in maintaining it. Behind them lie an arduous training, a wealth of experience, the acquisition of a difficult technique, the development and building of a personality, an asset of "good will," usually summed up in the term "a name." To insure a future for this name, they must keep up a certain standard.

THEIR HUNT FOR GOOD STORIES

The chief variable that figures in their calculations is their story material. While most of the production companies sell their star pictures before they are made, in

groups of four on the basis of the star's box office value, the theatre owner contracting for the crop in advance, nevertheless, a drop in the quality of story will register in a drop in the star's value the following year. The greatest problem the industry faces is the dearth of good story material, and this constitutes likewise the star's greatest worry. We are still in a phase of this business when we must draw our materials largely from books and plays. We are all looking forward to the time when more stories will be fashioned directly for the screen by a new type of literary worker. Our universities may help in creating this new type.

THEIR ENVIABLE POSITION

Obviously, the members of this class own their homes and cars, keep servants, make investments, and for the most part safeguard their future. Together with the high-class "featured" players, they do a large amount of advertising and business entertaining, maintain secretarial staffs for the handling of their mail and business affairs, and engage business managers to look after their various interests. They are employers as well as employees.

THE ACTOR-PRODUCERS

The next class—the actor-producer—is no longer an employee, he is an employer. There are seventeen actor-producers, men and women producing dramatic films and comedies. These combine the rôles of actors and big business men at the same time. They have large staffs,

own or rent studios, have sales organizations, borrow money from banks to finance production, buy their own stories—in short, while being the central attractions in their pictures, engage in all the various activities of big producers. Usually they make one or two pictures a year. Their reputations require that these pictures be exceptional efforts. They own their product, and all its profits are theirs. Some of them have acquired great wealth. All of them have attained their positions by ability plus the hardest kind of work.

The principal asset of the star in general is "good will," the power of his name to draw people into the theatre. This is sustained by a formidable machinery of publicity.

GENERAL PROSPERITY OF THE SCREEN ACTORS

This brief review suggests that altogether the actors who carry the screen stories occupy a very comfortable financial position. They enjoy a considerable measure of security and dignity. As property owners, taxpayers, voting citizens interested in local and civic affairs, they hold a settled place in the community. Human nature being the same everywhere, sudden wealth has turned the heads of a few, but the great bulk of them are steady, careful living, and industrious.

CONTRAST WITH THE LEGITIMATE STAGE

What was the status of the actor fifteen years ago? For it is only in the last fifteen years that his importance

has developed with the development of the industry. Fifteen years ago, the legitimate actor's life was almost as precarious as that of the present day "movie extra." Except in the case of a few stars, the stage was not a business, it was a gamble with the dice loaded against him. Leading players, if they averaged \$5,000 a year, were exceedingly fortunate. Most of them lived from hand to mouth, consuming during the summer months their savings of the previous season or borrowing against the following one. They had no homes, no cars, no security, and little comfort. Their economic status was more depressing than that of the average university instructor without its compensations. At the same time, the legitimate stage boasted a certain prestige, and its players scorned the upstart motion picture as an undignified and despicable form of activity. Few would stoop to the degradation of the film. The actor lost caste when he entered the studio and he entered it furtively, with a sense of shame.

THE EXODUS TO HOLLYWOOD

Then things began to change. A few well known actors tried their hand at it. Performances in the pictures of D. W. Griffith began to prove to the legitimate actor that here was a medium of expression as subtle, poignant, and beautiful as that of their own beloved theatre, and the great exodus to Hollywood started. Foreign artists, like Bernhardt and Tree, and great opera singers like Caruso and Farrar, took "fliers" in the films, and one by

one every important stage luminary followed suit. Those whom the screen accepted remained on the screen, and to their number have been added innumerable recruits developed by the studios themselves. Today there is hardly an actor in New York who does not envy the lot of his Hollywood cousin and long for an opportunity in the promised land beyond the Sierra. Not only do these film parvenus receive incredible emoluments, but their personalities have become world figures known and loved, not by the few thousands of our big cities, the affluent minority who can afford to patronize the theatre, but to the millions of rich and poor alike wherever civilization has penetrated, from Iceland to Fiji.

SPECIAL TECHNIQUE OF FILM ACTING

During the brief period of its existence the film has developed a special technique of acting and novel conditions of performance. At its inception, actors were paid from the day they started work on their picture, and that custom has persisted until the present time. Cost of production precluded the elaborate rehearsals customary on the stage. Moreover, the physical limitations of the camera and the laboratory rendered impossible the filming of long scenes. The maximum duration of a scene today, without special laboratory provision, is three minutes and twenty seconds. In actual practice, most scenes are very much shorter than this. Far from being a hindrance, this limitation proved desirable. It was found that by telling the story in flashes, flitting from spot to spot in the fields of action, eliminating irrelevancies, iso-

lating and emphasizing the significant moment, the film could do what the eye does naturally; namely, select and focus on the quintessential drama. The eye of the spectator did not have to seek the center of interest. It was there ready-made for its pleasure.

BREVITY BRINGS INTENSIFICATION

This practice spelt economy in attention, vividness of effect, and dramatic intensity. The close view, the medium shot, and the long shot could be intermingled by the skill of the director and the mechanics of the cutting room in such a way that the narrative was constantly moving from high light to high light. So far as the actor is concerned, he is no longer required to memorize long rôles or to sustain complicated characterizations through long continuous acts. His work is done piecemeal. While in some ways this method makes it easier for him, in others, it renders it more difficult. His work is more concentrated, he must depend to a greater extent on facial behavior for his result. The isolated and highly magnified droop of an eyelid must perhaps carry a world of meaning covered on the stage by a long speech. Deprived of long rehearsals through the necessity for economy in cost of production, his art becomes a species of rapid, ready, and facile improvisation.

NOT LIKE CONVENTIONAL PANTOMIME

Fifteen years ago, under this method, the actor's product was, for the most part, exceedingly crude, ob-

vious, and theatrical. It is remarkable that in the intervening years his art has developed, in response to higher and ever higher standards within the industry and the pressure of more and more discriminating audiences, into a medium expressive of the most delicate and fragile moods, emotions, and even thoughts. While, like the old Italian pantomime, it depends largely on unvocalized behavior, it has none of that school's conventionality or artificiality. It lives and breathes the breath of life.

STRENUOUS WORKING CONDITIONS

The working conditions of the screen actor are also entirely different from those of his stage cousin. He starts work, made up and in costume, at nine in the morning, and his day averages eight hours. Not infrequently, he works all night when night scenes are required. Long hours at a stretch are not uncommon, and considerable physical endurance is demanded of him. Usually, however, his schedule calls for about twelve scenes a day. At an average of sixty feet to the scene, or one minute of time, this means about twelve minutes of actual screen performance, which will be reduced to half or less in the cutting room. At first blush this seems like a paltry amount of product for a whole day's work. But it really represents intense activity in the placing of cameras and lights for the best photographic results, in discussion, and in rehearsal and performance.

As for the actor's relation to his employer, it is, on the whole, harmonious. There are seldom causes for dis-

agreement or dispute, and collective bargaining such as has been found necessary on the stage has not found a foothold in the studios. Thus far, the actor has expressed no concerted desire for its services.

SPECIALIZATION AMONG THE ACTORS

I have attempted to classify actors on the basis of their salaries. It is desirable to point out that there is another important method of classification. The actor represents an exceedingly diversified product. There are the comedians who have invented a highly specialized technique in laugh manufacture. There are the so-called "western" actors, who employ the gun and the horse as the chief tools of their trade and who are very skillful in their specialties. There are "stunt" actors whose stock consists of incredible feats of daring and danger. There are those who devote their talents exclusively to emotional drama or melodrama. While there is no such thing as standardization, nevertheless each actor has his own particular sphere and stock in trade. Chaplin could not shed his mustache or slough his funny trousers, Harold Lloyd is forever condemned to large-rimmed spectacles, Fairbanks must always perform breath-taking acrobatic feats. Each actor, more or less, exploits personal characteristics or styles or mannerisms that the public has grown used to and expects. This does not mean that the actor is stereotyped. Within his range he has considerable latitude, but he has his fixed orbit. Chaplin as Oedipus Rex or Fairbanks as Charlie's Aunt would be a public scandal of serious proportions.

THEIRS A DIGNIFIED ART

Just as fifteen years ago the actor entering a studio endeavored to conceal the shameful fact, so, until recently, the industry has assumed a defensive, even timorous attitude, in the face of criticism. Today its stand is no longer apologetic. Millions of people all over the world do not pay incredible largess into the pockets of the industry, and of the actor in particular, without receiving a commensurate value in return. What is this value?

PURVEYORS OF ENTERTAINMENT

We may say all we like about the educative quality of the film, its indirect influence among nations toward the promoting of mutual understanding and world peace, its teaching of the manners and customs, the clothing and interior decoration that we find desirable, its function in advertising our commercial products. Fundamentally, while highly important, these seem to me secondary matters. The one thing the public pays for, without stint, is entertainment. If entertainment performs a distinct service, then the industry, and incidentally the actor, need no further justification, much less apology.

It may be that some vestige of old New England Puritanism persists in us, but until recently the business of amusement has been to some extent regarded as unessential, frivolous, and unworthy. The stage, indeed, the arts in general, were not looked upon as meriting serious consideration. During the war, for the first time, our Federal government put the seal of its approval on the motion

picture as an indispensable industry. What brought about this change? Why do we no longer have to assume a negative attitude of defense?

THEY SATISFY A DEEP HUMAN CRAVING

Because we are beginning to recognize that amusement satisfies a fundamental human appetite, that it is a commodity as essential to the physical and mental health and well-being of the human animal as lumber, wheat, oil, steel, or textiles, that, in short, it is a staple product in constant demand.

Particularly is this so today. Never before in the history of civilization has there been felt such a need for what is known as entertainment. It is a disquieting fact in modern life that very few of the men and women who carry the burden of the world's work find a compensating joy in that work. Sadly enough, the bulk of it lacks intrinsic interest. It has become overspecialized and standardized.

DRAB LIVES ILLUMINATED

The jobs of the factory hand, the shop girl, the clerk, and the miner are routine jobs; they represent so much inevitable drudgery, and for the most part in the drabest surroundings. Little wonder that voices of dissatisfaction are heard, that the menace of revolt against our economic system raises its head. At best, life is hard and dull and tragic for most of us. Some compensation for the miseries and boredom of existence is necessary. If our present industrial and social status is to be main-

tained, that compensation must be supplied. The problem is how to supply it to 130,000,000 people and at a moderate cost. Answers to problems such as these are met in modern times by the research of the scientist and the ingenuity of the inventor. Just as McCormick solved the problem of wholesale farming by the invention of the harvester machine, so Edison and Eastman solved the problem of the wholesale manufacture of amusement by the motion picture and its retailing at prices within the reach of all.

VICARIOUS ADVENTURE

But just how does this form of amusement function as compensation to the drudging millions? By providing a means of escape from the intolerable pressure and incidence of reality. The motion picture enables the spectators to live vicariously the more brilliant, interesting, adventurous, romantic, successful, or comic lives of the shadow figures before them on the screen. Here are careers more vivid, saturated, full-blooded. Here there is no suppression, no frustration. Here are men and women of the kind they would like to be; here is the kind of conduct they would elect to make theirs if they could. Here is the Land of Heart's Desire. The film offers them a Freudian journey into made-to-order reverie, reverie by experts. Now reverie may be unwholesome—our psychological studies are still too immature to decide this question—but in our present form of culture it seems to be necessary. In any case, reverie engendered by motion pictures is certainly more wholesome than that engen-

dered by the corner saloon or the drab walls of a tenement house. For an hour or two the spectator identifies himself with the hero or heroine; potential adventurer at heart, he becomes for the moment an actual imaginative adventurer in a splendid world where things seem to go right.

Now the heart of this form of amusement, of this method of vicarious living, happens to be the actor. It is in him and his fictive career upon the screen that the spectator is submerged. It is in him that the public finds escape and compensation. Small wonder that he is popular, that he becomes a beloved idol, a world hero. Small wonder that he is paid accordingly. The people clamor for him, the producers compete for him. The product of careful selection and long training, he is a scarce commodity, and the law of supply and demand operates in his favor.

Meantime, he performs an important public service, ameliorating the dreary lives of countless millions, bringing them charm, romance, laughter, grace, and high adventure. From a hundred to two hundred prints of his contribution are struck off and distributed to every corner of the globe. The technical machinery of the camera, the laboratory, and the projection machine have multiplied him and his wares infinitely and the public buys him in quantity. Taking into account his numerous different rôles, he may play before five or six hundred audiences simultaneously and in as many centers. Theatres are, of course, necessary; studios with their elaborate staffs, directors and cameramen, executive and mana-

gerial departments, sales and distributing forces, expert financing, are all essential to the industry, but paramount to its existence are two things. The public goes to see stories and it goes to see actors in them. The story and the actor are the hub of the industry, the nucleus of this characteristic entertainment of democracy.

HE BECOMES THE FRIEND OF MILLIONS

The actor belongs to the common people. He is their most intimate and yet mysterious friend, his face and feelings brought almost microscopically close by the miracle of the screen and yet intangibly remote and veiled with the glamor of a romance lent him by the astounding and entrancing fictions he seems to live through. The drama he embodies is not for the intellectual, but for the common mind and heart. The race as a whole cares little about the problems of an Ibsen or an O'Neill, it has never heard of the square root of minus one or the Bohr theory of the atom. The things it is interested in are love, courtship, marriage, divorce, motherhood, crime, gambling, sports, the disastrous forces of nature in fire and flood and earthquakes, the strength of men and women's beauty, the loyalty of friends and the treachery of enemies, all the clash and clangor of human lives in stress. These are the things that are near to them. Their heroes have been Odysseus, Siegfried, Robinson Crusoe, Launcelot, Hamlet, Faust, Napoleon, Joan of Arc, and Cinderella. These figures have become idealizations of themselves, life-enhancing to the world-

imagination, redolent of tang and flavor, appealing to the midriff, not the mind. Our modern heroes are Bill Hart, with a brace of guns routing a hundred miscreants; Chaplin, inimitable clown with the tragic heart; Fairbanks, invincible romantic adventurer, the Prince Charming of the fairy books; and Mary Pickford, immortal sweetheart, in whom every Cinderella discovers herself as a fairy princess. These and a few more have become the classic figures of our screen. The public loves to love.

In this brief sketch I have tried to outline the motion picture actor's business status for you and the human demand on which it rests. Along with and through the industry of which he is a part, he seems to me to constitute a formidable and novel development in modern affairs.

COLLEGE MEN AND THE INDUSTRY

I should like to say in conclusion, echoing something Mr. Hays told you, that along with the necessity for better story material the fundamental problem of our industry is a need for finer personnel, finer man power. It is unfortunate that the cheapness of the industry when it started has held over to some extent and enlisted to a great extent mediocre men in its ranks. For the survival of the industry it is necessary today to draft men of finer intellectual and cultural background, of greater energy, of greater business power, and of greater poetic creativeness. I think this problem is largely one that concerns our universities.

Your manifestation of an interest in our business is

very hopeful. Personally I look forward to the day when in Harvard and elsewhere, schools of motion picture technique may be developed, from which we may draw our cameramen, our directors, our supervisors, our writers, and a great many of our actors. That, to my mind, would be the solution of one of the gravest problems of our industry.

Now, having disburdened ourselves of the more formal part of this occasion, suppose we have a little heart-to-heart chat. If you ask me questions, barring the moral status of Hollywood, I shall do my best to answer them for you.

QUESTION PERIOD

Question. How many times do you have to rehearse a moving picture scene as compared to a stage performance?

Mr. Sills. We rehearse a motion picture scene just before taking it anywhere from once or twice to thirty or forty times, depending upon the responsiveness of the actors concerned. As a matter of fact, a great many scenes, and some of them our best scenes, are done with hardly any rehearsal at all.

As I said in my little address, motion picture acting is to a considerable extent facile improvisation. We happen to be trained to express things in a very rapid and offhand manner. But many times rehearsals run from twenty to thirty. In exceptional cases I have heard of rehearsals of one scene taking a whole day or more. But usually, with experienced actors, one or two rehearsals will suffice.

Question. Do you prefer free-lancing to working under a long-term contract?

Mr. Sills. Each has its advantages. The long-time contract has the commercial advantage of steady salary. The free-lance has the advantage of being able to pick and choose his rôles and his stories and his companies. I would say that the free-lance has a much better chance of continuous advancement and that the contract player enjoys an economic stability that the free-lance actor does not. ✓

I may say in this connection that it is a very responsible thing to be a star in this business. The star has to maintain his position, and it is a position very difficult to maintain on account of the dearth of stories. The free-lance actor does not have to worry about stories; he can pick his stories; he can read them in advance. The star has to have stories provided for him, and in most cases those stories are exceedingly inferior. The producer pays more attention to the star he is developing than to the star who is developed.

Question. Do you think there is a feeling in the industry that a picture can be great only if it costs \$1,000,000 or \$2,000,000?

Mr. Sills. I do not think there is that feeling in the industry. We know of pictures that have cost a great deal less that have been very admirable and have made a great deal of money. Probably the producer did not know they were going to make a great deal of money, or he would have spent a lot more money on them.

Question. To what extent does the director govern the portrayal of a rôle by the actor?

Mr. Sills. That varies with the director and with the actor. The director in the case of an experienced actor usually has very little to say about his performance. He guides the performance by a word or two from time to time, but on the whole he leaves the actor's personality and ability to dictate what that actor will do on the screen. Before the scene is taken, however, he defines the meaning of the scene and its place in the script and in the story as a whole, suggests what must be expressed in it, and so on, but the actual performance and the technique of it is usually left to the actor.

In the case of the inexperienced actor or actress, the director is very careful in his delineation of what he wishes that actor or actress to perform.

Mr. de Mille, who spoke to you the other day, rarely instructs an actor in the details of what he is to do. He leaves the performance largely to the skill of the actors themselves. These actors are usually experts. He hires them because they are experts and as little interference as possible is Mr. de Mille's ideal.

Question. Do you believe that actors are born, or do they just get that way?

Mr. Sills. I should hate to think the actor was born that way. I am not sure that he is not a psychopathic development. As a matter of fact, my own pet theory of heredity and environment inclines me to give most of the credit or blame to environment. I think actors

are largely the product of training. I do not think actors are born. I suppose they must be born with a certain vitality. Vitality is the important thing in an actor or in any personality for that matter, and the most successful people on the screen are people with enormous physical vitality. They have guts, and out of that vitality grow the rest of their gifts.

Question. Do you think it likely that the large producers, such as Famous Players and First National, would have a tendency to buy out the actor-producers if they should become too successful?

Mr. Sills. I wonder if you know anything about the history of some of the actor-producers. The first actor-producers revolted against the old-line companies. They were dissatisfied with the business conditions and contracts under which they worked with the old-line companies and withdrew and, more or less in fear and trembling, started out for themselves. They banded together, four of them and, almost to their surprise, they proved to be a going organization. Since then they have become very successful. It is rumored today that these actor-producers will amalgamate with a larger firm, but I think they will maintain their status of actor-producers. I do not think they can be submerged. They are too important figures to be submerged.

Question. To what extent do the stars get the inferior stories, inferior plays?

Mr. Sills. You see, the producers have the idea that the star sells himself, that merely putting on his name is

sufficient to draw audiences into a box office and, consequently, they slight the stories that are his vehicles. On the other hand, if they get a very powerful story they know that story will carry itself and they are more likely to put less expensive people in it, people that they are developing.

Also, it is rather difficult to fit a star who has become in the public mind a standardized product, who is expected to produce a certain type of picture—it is rather difficult to fit him with rôles of that character continuously. I know personally that I am worried to death all the time about the quality of my next story or my next few stories. They are very difficult to get, and I am reading stories all the time in an effort to find something worth while.

Question. Is there any tendency for the screen actors to come over into the Actors' Equity Association?

Mr. Sills. I happen to know something about that. I was one of the founders of the Actors' Equity Association in New York a long time ago. I wrote the minutes of the first committee meeting out of which it grew and took a lively interest in its joining the American Federation of Labor. I was all for the unionization of the actor in New York because of the economic abuses under which the actor suffered. In Hollywood that does not seem to be the situation. There are some abuses which have provoked murmurs recently among the motion picture actors. There is a tendency on the part of some producers to work actors for long hours and thereby cut

down the cost of their production. If they work their companies fourteen or fifteen hours instead of eight hours they will finish their picture in a shorter time, cut down their salary outgo, and generally reduce costs. This tendency has been murmured against, and the more important companies look down upon its practice.

There are certain other minor forms of abuse. There is a tendency, for example, not to pay for Sunday work. Sunday is included as part of the week. I remember a number of years ago one producer insisted, in a case of my own when I was free-lancing, that Sunday ended the week and, having ended the picture on Sunday, I was not entitled to an extra day's salary. I pointed out to him that according to the laws of the United States Sunday began the week and that I was entitled to the extra day's salary; after some contention, I won. Only recently I heard of a similar case.

Things of that kind bring about a certain discontent among the rank and file of actors, but in general, while the Actors' Equity Association has its office in Hollywood and is doing its best to make its influence felt, as I said, there is no concerted inclination on the part of the actors in Hollywood to combine as a body of employees against the employer. In general, there is a tendency on the part of the employer to meet the actor half way. I think the employer feels that in unionism there is a very serious menace to the studio.

Los Angeles has been a non-union city. It has definitely fought unionism in the studios. Among the technical men I think that only the electricians are

unionized and I think that the employers will take every means they can to avoid unionization on the part of the actors, by definite concessions to the actor.

There has been a tendency in the last few months to demand a uniform standard contract for the actor. Thus far this demand has met with no success, but negotiations are going on and may lead to a uniform standard and equitable contract. As a matter of fact, the contract that the free-lance player signs for one picture can hardly be called a contract at all. It is a unilateral affair and it has in it a clause which makes it negligible as a contract. That clause is the so-called "satisfaction clause." It used to exist in the theatre. The performance of the actor was at all times to be to the satisfaction of the party of the first part. That negates a contract. The actor can be dismissed at any time at the pleasure of the party of the first part.

Now, stars and featured players under contract have bilateral contracts. Their contracts are ironclad. The producer for his own sake must see that they are ironclad and they are perfectly fair. The contract of the free-lance actor, however, is a debatable contract, and it seems to me it would be very desirable for the producer and the actor to get together and draft a contract that would be satisfactory to both sides. I think it would be advantageous to the producer as well as to the actor. Hours could be regulated. If hours were lost by the actor, they could be made up by the actor, the actor could be disciplined, and so on.

Question. What are the steps of promotion through

which an actor usually passes in order to become a star?

Mr. Sills. The steps of promotion are various, I should say. Many times actors are asked what road can be taken to success in our particular profession. It is impossible for us to answer that question. In my own case particularly I could give no one any helpful advice on that point. I happened to be on the stage when I went into motion pictures. I was a leading man in New York, and that fact gave me an entrée into pictures; I was offered a job in pictures.

The steps by which an actor makes his way seem in general to be either from the stage or from the ranks of the extras or through some sudden personal preference on the part of the executive who sees somebody who seems to him desirable material. This fortunate person is given a small part and, if that part shows that the actor or actress has photographic possibilities or personal charm, then there is a chance of advancement. In the case of the "extra," a particularly beautiful girl or a good-looking man may be given a screen test and perhaps a small part and in that way advance.

Advancement I should say was largely a matter of what we call breaks—luck. One never knows where the lightning will strike, but it does strike and it hits someone. Who that someone is may be largely an accident. There is unquestionably very good screen material around Hollywood as yet undiscovered. The problem on the part of the employer is how to discover it and the problem on the part of the material is how to get discovered. That problem has not been solved.

Question. Does the discovery in any way come through the public or through the producing organization?

Mr. Sills. The discovery usually comes through the producing organization. The public has no chance to discover.

IX

DISTRIBUTING THE PRODUCT

SIDNEY R. KENT

General Manager, Paramount-Famous-Lasky Corporation

I WANT to thank Dean Donham and his associates and Mr. Kennedy for the privilege of appearing here. I suppose it is in form to say that facing a body of men of this character is not only an unusual experience but something that a man has a right to be proud of.

It was not until a year and a half or two years ago that I first heard of the work that Harvard was doing, and I did not become seriously interested in it from the standpoint of a business executive until a few months ago, when Mr. Kennedy started telling me of this course. I think it is a marvelous thing that business men of the country are privileged to appear here and lay their problems before you, because I can easily see that many of the solutions of problems of business administration in the future will come out of such a class as this.

NEGATIVES AND PRINTS

My discussion is on sales and servicing, in other words the world-wide distribution of motion pictures, beginning at our first point of contact with the finished article. Assume that we have already produced a completed mo-

tion picture. We first come in contact with it in the laboratory, where two negatives are turned over to our department, one known as a domestic negative for use in America and the other a foreign negative for use in London and foreign countries. Most of the foreign printing is being done in the London laboratories. The negative for the United States and Canada is handled on the west coast, and from that negative are taken on an average two hundred positive prints per picture. The number will vary from a minimum of a hundred and fifty to as high as three hundred and fifty or four hundred prints of a picture such as "The Covered Wagon" or "The Big Parade."

TERRITORIAL DIFFERENCES

Those prints in turn are shipped from the laboratory to forty-seven United States and Canadian exchanges, each of these exchanges serving a territory that runs from a portion of one state to several states in the west. This suggests at once a feature in which our business is quite different from any other. The amount of revenue has no relation to the number of prints used by an office. One print, for example, in New York City, may produce \$150,000 in revenue, and another print which is used in a sparsely settled community such as Montana or Nevada may produce only \$1,000. In other words, in an office which serves a great territory and a comparatively small number of people, a print may produce in its lifetime only a hundredth part of the revenue that the same pic-

ture may bring in when it is used in the congested territories of the east. One of our problems, then, is to get the maximum booking time out of a print so that that print can turn in as many dollars as possible while it is still in good condition. The average life of an American print is about fifty-nine exhibitions. Some may run seventy-five and some only forty, one of our greatest problems being to educate the exhibitor in the handling of his projection equipment so that he returns our property in as good shape as it was in when we gave it to him. Remember, in our business we do not sell. We lease on an exhibition basis or license basis for a certain amount of money, computed either as a flat rental or as a percentage of the gross.

VARIABLE PRICES

Another feature in which our business differs from others is that we have no staple price on our merchandise. It is possible for us after a number of years to approximate within ten per cent of what our gross will be on a year's business with a given number of pictures, but there is really no such thing as a fixed price on a particular picture. I want to tell you why.

I do not believe there is any business in the world in which imagination plays so great a part in the making and sale and in the final result as it does in motion pictures. I may take a given picture out today and, by my method of sale and by pointing out how the exhibitor can get his money back from the public, get for that

picture \$1,000 and that may be called a good sale. Another man with more imagination than myself, with a better sales plan behind the article that he is selling, may sell that same motion picture to that same theatre for \$2,000, and yet, because of some superiority in the plan, the theatre man may make more money on the \$2,000 sale than he would make with my sale at half the price. The whole difference lies in the imagination behind the product.

FOREIGN SALES

The two hundred prints are shipped to the forty-seven exchanges, and from that point on we will follow their course through different charts. The foreign negative is shipped to London and then to other countries and averages a hundred and forty-two prints, distributed among a hundred and fifteen foreign exchanges serving seventy-three countries. The countries indicated by a star on Chart I are those in which we have our own man power and our own offices. In the countries not so indicated—and this is typical of any modern distributing organization—we sell outright because there is not enough business developed as yet to pay us to operate offices of our own.

The titles are translated from English into some thirty-six languages. As a matter of fact, our English at times has to be translated into other forms of English in order that it may be understood. The titles that are used here cannot be used, for instance, in England. Many expressions that we have here are not understood by the rank and file of the people there, and so the titles

Chart
No. 1

Laboratory

Negative For
United States and Canada

Average of 200
positive prints per picture

Shipped
to 47 exchanges
Largest office
gets from 8 to 15
prints Smallest
from 1 to 3

Negative For
Foreign Dept

Titles Translated into 36 Languages

French	Finnish
German	Chinese
Spanish	Arabic
Dutch	Lithuanian
Portuguese	Croatian
Swedish	Syrian
Danish	Latvian
Norwegian	Flemish
Russian	Armenian
Polish	Malay
Italian	Siamese
Hungarian	Turkish
Czech-Slovakian	Ukrainian
Greek	Hindoo
Japanese	Korean
Hebrew	Siberian
Rumanian	Ethiopian
Bulgarian	Gaelic
	Javanese

AVERAGE OF 142 PRINTS DISTRIBUTED AMONG 115 FOREIGN EXCHANGES SERVING THESE 73 COUNTRIES

* Argentina	* China
* Chile	* Siberia
* Colombia	* Australia
* Paraguay	* New Zealand
* Bolivia	* France
* Peru	* Belgium
* Ecuador	* Rumania
* Colombia	* Yugoslavia
* Venezuela	* Hungary
* Panama	* Poland
* Guatemala	* Russia
* Salvador	* Estonia
* Nicaragua	* Finland
* Costa Rica	* Lithuania
* British Honduras	* Sweden
* Canada	* Denmark
* New Zealand	* Norway
* Czech-Slovakia	* Germany
* Austria	* Italy
* Mexico	* Belgium
* Tunisia	* France
* Union of South Africa	* Portugal
* Egypt	* Ireland
* Palestine	* Great Britain
* Persia	* Spain
* Turkey	* Portugal
* Afghanistan	* Albania
* India	* Umania
* Siam	* Straits Settlements
* Straits Settlements	* Korea
* French Indo-China	* Japan
* Dutch East India	* Syria
* Philippines	

* Indicates location of 1 or
more Paramount exchanges

Famous Players-Lasky Corporation

are translated into the average language of the country, in other words, the language that is intelligible to the great mass of the people.

FOREIGN OPPOSITION AND ITS CAUSES

I doubt if there is a sales situation in any line of industry that is quite as intricate and fascinating as the distribution of modern motion pictures in foreign countries. The man who successfully distributes motion pictures in foreign countries must be first a diplomat and secondly a salesman, because he must meet not merely the usual problems of merchandising to a customer, but all kinds of obstacles in the shape of laws, agitations, and national aspirations peculiar to the people of each particular country. When you go abroad with oil or any other commodity, if your quality and price are right and you make a sale, all goes well. Your customer is probably satisfied and so are you. But that is not true with us. American motion pictures at the present time are meeting with a great deal of opposition in foreign countries because they carry something that no other merchandise in the world carries. Motion pictures are silent propaganda, even though not made with that thought in mind at all. You cannot prevent it. Imagine the effect on people in the Balkan States who constantly see flashed on the screen American modes of living, American modes of dressing, and American modes of travel, all the comforts and luxuries to which we are accustomed.

THE PICTURES BUILD AMERICAN TRADE

I remember shortly after the war being in a little town in Rumania that had been destroyed and was being rebuilt. I stayed throughout the day and went to the little theatre, which was in an old livery stable. An old projection machine was run there at night with an American motion picture. Women were working in the brick-yards, a great deal of brick being used to rebuild the town, and these women were hitched to two-wheel carts alongside of big dogs. At night their only form of recreation was to come in and see an American motion picture. As I sat there I wondered what was going through the minds of those people who were looking at those palatial homes and the marvelous sky line of New York, what restless thoughts and ambitions must be awakened when they compared them with the circumstances under which they themselves were living.

That is one of the things that foreign governments and foreign peoples are fighting against and not without just cause. It is a situation that has to be handled with a great deal of sympathy and understanding, because the American motion picture bears a great and direct relation to the American trade balance abroad. Do not forget that. If you investigate the automobile situation you will find that the American automobiles are making terrific inroads on foreign makes of cars and that the greatest agency for selling American automobiles abroad is the American motion picture. Its influence is working insidiously all the time and even though all this is done without

any conscious intent, the effect is that of a direct sales agency.

Every one of those foreign countries in which we distribute has its own background and its own history. Each wants to produce the stories that are native to its own country; each wants to have its own industry. Take the case of a nation like the English nation, with colonial possessions all over the world, a nation that lives on trade and barter. The motion picture is a most vital thing in the life of that people. England is making a terrific effort to build up a motion picture industry by forcing on its exhibitors a quota that obliges them to show a certain percentage of homemade pictures. They are trying to meet American competition by making a market for their own product by law. We meet them in turn fairly by manufacturing what we think is a superior product and adapting it to foreign taste and needs.

TYPICAL HISTORY OF A PICTURE

I am going to take a motion picture as a specific example and show you what happens to it after it reaches our hands and also show you the make-up of the modern motion picture distributing company.

On Chart 2 you see what I call the cabinet. Here is the general manager in charge. From the selling standpoint, the United States is divided into three divisions, the eastern, the central, and the western. Those divisions are competitive as to dollars and cents results and competitive in every form in which we can bring about com-

petition. Each one is responsible for a certain portion of the United States quota. For instance, the eastern division, because of its density of population and the large number of cities, will have about forty per cent of the population, the central division about thirty, and the western about thirty. This territory, however, has a larger quota than the others combined because they have to take in a greater area in the west, which has not so many possibilities for producing revenue, because of smaller population and fewer large cities.

TEST RUNS AND APPORTIONMENT OF QUOTAS

When a picture reaches our office, the first thing we do is to call into session all these department heads. Then we screen the production and try to work out the revenue possibilities of that particular subject. If we cannot agree among ourselves, we put on a number of test runs throughout the country. We place it in a dozen small theatres, in two or three large ones and in a few medium-sized towns, and we find out what the public response is to that picture. Then we work out a formula based on that public response, as nearly as we can judge it, of what the picture will produce. If a picture has a quota of a million and a half, that million and a half is divided up between these three division managers, who accept their proportionate responsibility of the whole. They in turn pass the quota on to their district managers, branch managers, and salesmen. I will show you later by specific example exactly how that is done.

VARIOUS DISTRIBUTION DEPARTMENTS

At the same time, we bring into play the Sales Statistical Department. This department keeps a record of the history of all accounts for a period of eight or nine years back. In order to prove a formula—say, for instance, we have set a price of a million dollars on a picture—we take these records of the statistical department and check the theatres by each zone, branch, district, and division to see whether or not it is possible for that amount of money to be taken out of the picture.

Then we have the Exchange Accounting Department. This is not connected with the sale of a picture except that it handles the contract records and advises us weekly of the amount of business coming in on one or more productions.

Then we have what we call the Ad Sales Department. This department creates the lithographs, window cards, and everything in the way of an advertising novelty that goes into the publicizing of a motion picture. In the Famous Players-Lasky Corporation this department is tied in with distribution. The branch managers must carry in their branches all the articles used to make up the publicity or advertising end of the pictures.

Then we have the Purchasing Department, that orders the prints, takes care of the distribution of them, purchases the equipment, lithographs, and so forth, and stores them and orders them out on requisition.

Next is the Advertising Department. It comes into play with national magazines and newspapers, trade papers, press sheets, and so forth.

Then we have the Sales Promotion Department, which carries on direct mail campaigns to the exhibitor and the public and brings about advertising connections.

Then we have the Budget Department, which controls the budget that is assigned to each department of the Distribution Department. Each one of these departments, including the division managers, has a certain amount of money on which it operates. Every week, as the expenses are checked in, they are advised how much under or over their budgets they may be.

WELFARE WORK

Here is the Welfare Department. In this department we carry on very extensive work on bonus plans and employees' savings. We have a system whereby every dollar deposited up to a certain percentage of salary earns so much. To each dollar that they pay in—they cannot deposit more than ten per cent of their total earnings—we add twenty-five cents, so that they get a twenty-five per cent dividend yearly on their savings. That dividend is paid to them at the end of each five-year period or invested for them by the officers of the company. All the employees are covered by life insurance. The life insurance is tied in with their sales record. Every man is given a policy for \$1,000 when he has been in the employ of the company six months and can have that increased to \$5,000 over a period of years if his performance is up to a certain standard. Then we have sick benefits through which we take care of the sick and disabled.

OTHER DEPARTMENTS

Here we have the Short Feature Department, which has its own production manager. This department is engaged in creating Paramount News and novelties, and the sales manager who handles that has a special assignment.

Then there is the Foreign Department with its foreign offices. The line-up of that I gave on a previous chart.

That is the make-up of an up-to-date modern motion picture distributing organization. I will not say that all the companies go into the plan as comprehensively as this but, if they do not, I think they will in time.

ZONE AND THEATRE QUOTAS

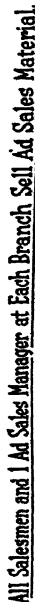
Chart 3 breaks down the sales division managers that I spoke to you about. Here is division No. 1, with 4 districts, 15 branches, and 44 salesmen. Here is division No. 2, also with 4 district managers, but with 12 branches, and 50 salesmen. It is much the same for division No. 3.

When a motion picture is sent out it is given a per theatre quota. We have the country divided into about two hundred and fifty zones. Those zones are geographically located so as to take care of the proper number of customers with the least amount of travel and with the idea of hundred per cent service in mind, as nearly as it can be carried out.

Each of these theatres is assigned a specific quota. The total number of theatres in each zone makes up the zone quota. If there are four zones in a branch office, those four zones make up the branch quota on any one

Selling Organization

of Three Competitive Divisions



Famous Players-Lasky Corporation

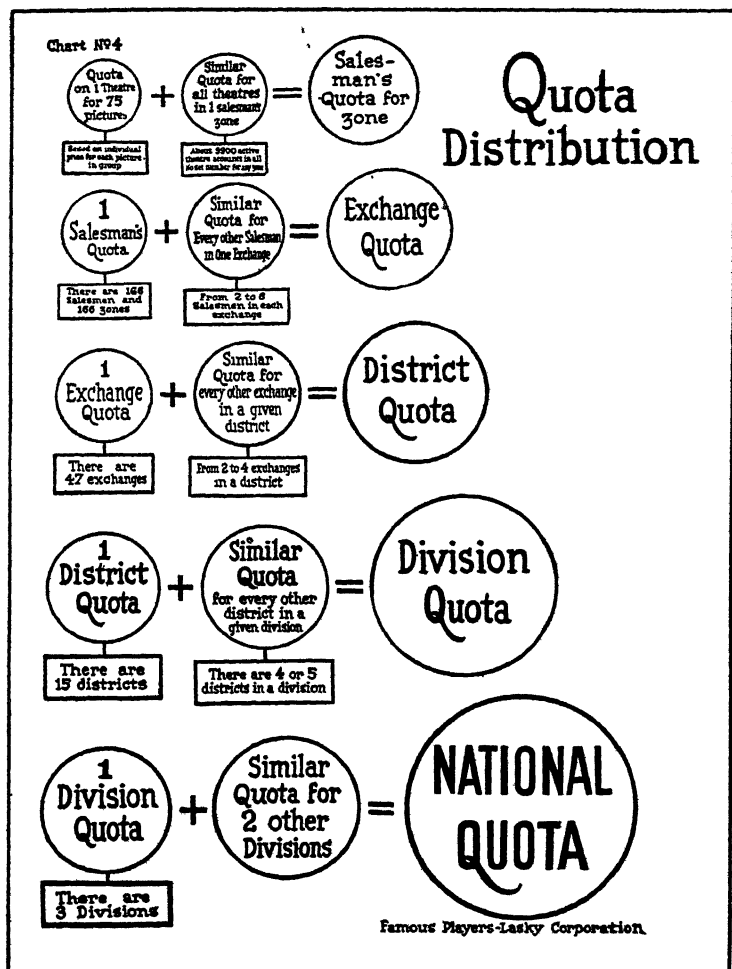
picture, or on fifteen or twenty pictures, or on seventy-five, as the case may be. When these quotas are set, they must be approved by the sales manager in the zone. He can raise them or lower them to a point, but, once he has gone on record that that is the price he can get, his responsibility is fixed, and he cannot send in a contract for less than that amount of money unless he first receives the permission of his division manager.

SEEKING A PERCENTAGE BASIS

Chart 4 illustrates our method of arriving at a national quota on a motion picture. I want to call your attention as I move along to some of the peculiar features in which our business differs from other industries. Here is one of them. In spite of this quota that we attempt to set, there is, as I have told you, no absolutely fixed price on our product. We are trying to meet that situation by playing our product on a percentage basis. We are seeking to convert the exhibitor to the policy of giving us a share of the receipts at the box office, because the only correct appraisal of a motion picture is the public's opinion of it. You cannot tell what it is going to produce until the public has appraised it. If you are playing on a percentage basis, you are automatically getting your reward because the public, and not the exhibitor, gives it.

KEY ACCOUNTS

Another interesting thing is the manner in which we get our revenue. There are eighteen thousand exhibitors



in the United States. Perfect or country-wide distribution would include about thirteen thousand accounts. The other five thousand are eliminated because they are

competitive houses or houses of a class which we cannot serve with high-class merchandise. About seventy-five per cent of our revenue comes out of the first twelve hundred and fifty accounts. We call these the key accounts. The average circulation on a good picture is about ten thousand accounts, so that ninety-five per cent of our sales effort is directed toward producing twenty-five per cent of our revenue. In other words, we can sell our first twelve hundred and fifty accounts within two or three weeks' time, but it takes us the remainder of the year to get the other eight thousand seven hundred to make up our average circulation.

MINOR ACCOUNTS AND THEIR IMPORTANCE

The cost in time and effort and money in getting that last twenty-five per cent is very high, and you might wonder why we do not let it go. I want to show you why. That is mostly small-town business, theatres where the pictures change once, twice, or three times a week, and some of them run only one night a week. Our experience has taught us that the boy or girl on the farm today is in the big city tomorrow. We must educate the people where we find them so that when they move from the small town to the city they will be already customers for our merchandise. Another reason is the fact that it gives you healthy circulation and enables you to reach a greater number of people. The greatest factor of all is that your profit is in that twenty-five per cent, so you have to go after it and get it.

VARYING REVENUES

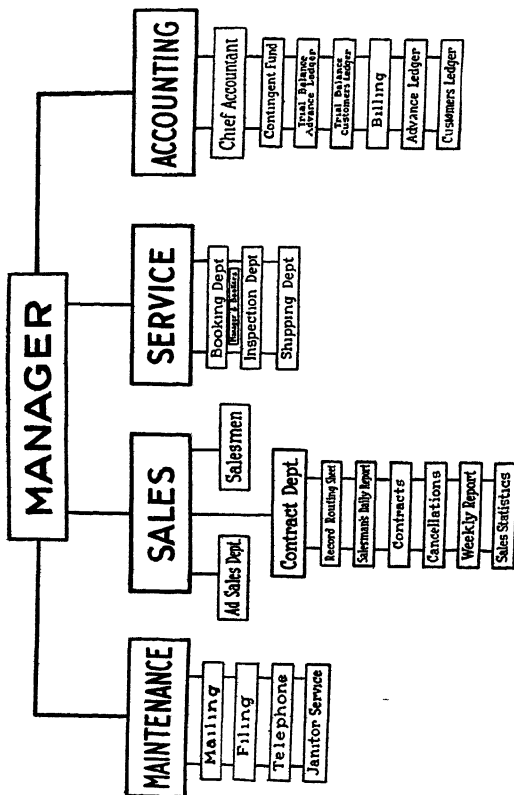
Another thing, a picture in one town of thirty thousand may produce only half the revenue of the same picture in another town of the same size. That is due to theatre conditions more than to anything else. This is the only business in the world that penalizes a progressive merchant. If a man has an old theatre and he can pay only \$100 for a picture he gets it for \$100. But if he is progressive and spends half a million dollars on a new theatre, he must pay four or five times as much as he paid before. That is not true of any other business in the world.

The exhibitor has a great deal to do with the amount of money that can be taken out of a town of a given population. A lot depends on his showmanship, his personality, and the manner in which he handles the public. Many other factors enter into consideration.

BUSINESS DONE AT NIGHT

Eighty-five per cent of our selling is done at night. When you have passed the theatres in the large towns that operate all day seven days a week, you run into the great mass of theatres, thousands of them, that operate one night, two nights, or three nights a week. The exhibitor may be the local banker, blacksmith, or grocery man, and his theatre is operated at night except on one or two matinee days a week. So that eighty-five per cent of our sales effort is after 7 o'clock at night. Our hours run from 7 at night to 1 or 2 in the morning. That

The Branch Office or "Exchange"



Famous Players-Lasky Corporation

is something that is not true, I believe, of any other industry.

CHART OF A BRANCH OFFICE

On Chart 5 we get an outline picture of the branch office or exchange, showing how each of these forty-seven offices operates. There you see the manager and the departments under him, known as maintenance, sales, service, and accounting, with their various subdivisions.

We have one very interesting department in our exchanges and that is the department of service, which covers booking, inspection, and shipping. The men who run our shipping departments must be as well trained as men in the railway mail service. In the railway mail service a man has to commit to memory thousands of post offices so that he can throw a piece of material to reach its destination in the shortest possible time. In the same way these shipping clerks must know how to ship a picture to a given point, allow it to remain there for one day or two or three days or a week, get it back on the first train, give it time for inspection, and make the next train to the next exhibitor, because in this business we work always against time. There are no seasons, and the success of our business is determined right in this department. The booking department comes first and then the shipping department, with the inspection department functioning between them. The percentage of booking efficiency against your prints is the formula for your ultimate revenue on any given picture. If a print is losing twenty-five per cent of booking time

that could have been used, just that much money is gone forever.

TIME IS ALL-IMPORTANT

Here is what happens. If you do not sell a Buick automobile today, you can sell it tomorrow and you get the same price for it. That is not true of us. Every day that a motion picture is out of the laboratory it loses value in proportion to its age. Time is what we sell, and if we lose a week we cannot replace that week; we cannot put it back. It is one day or one week gone out of fifty-two and you can never get it back again. It is gone just as time has gone out of your life.

The booking department receives a copy of the contract and enters it in the booking records, booking prints to accounts in proportion to their dollars and cents value to the office. In other words, they try to book the prints first to the first-run house, the house that gives them the most money; then to the second in importance, the third in importance, and so on down the line, the attempt being to tie each print in a solid sequence without gaps so that a hundred per cent of its time is used.

RAPID DEPRECIATION OF VALUES

Our negatives are written off and depreciated on the basis of eighty per cent of the investment the first year. About fifty per cent of our money comes in during the first ninety days. In the average motion picture, twenty per cent is liquidated over the period of the second year,

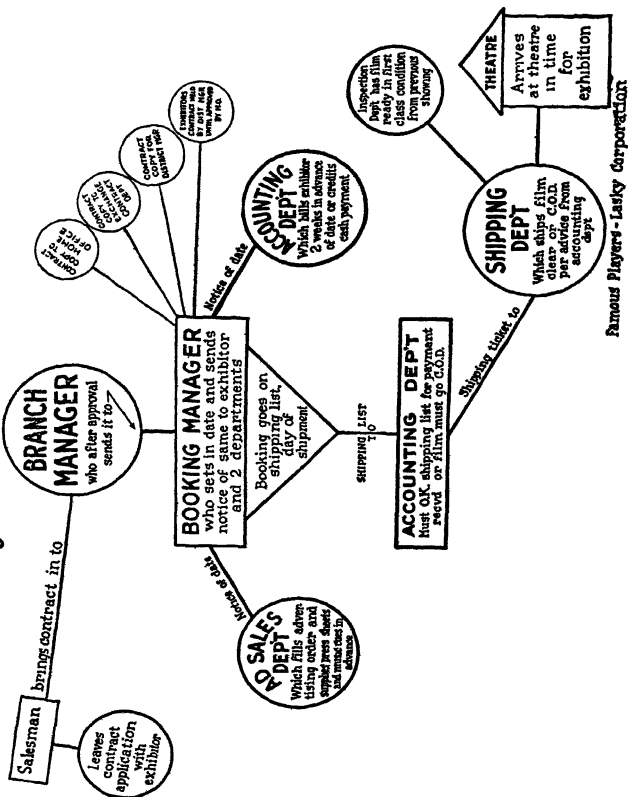
and at the end of the second year the negative is carried on our books at one dollar.

THE HANDLING OF A SALE

On Chart 6 we trace the handling of a sale based on one picture. We start with the salesman, who leaves a contract application with the exhibitor. Our policy is never to make an outright sale on the spot. We leave an application with the exhibitor, and either the exhibitor or distributor has ten days in which to accept or reject the deal. That is prescribed by our national system of film boards. In other words, either side can back out within ten days, but if neither side does so, the contract becomes binding. The salesman brings the contract in to his branch manager for approval, and, if he does not approve it, he sends the salesman back to the account to get more money. If he approves it, he sends it to the branch booking manager, who sets the dates and sends notice of these dates to the exhibitor. The booking then goes on the shipping list, and the date of shipment is fixed. The contract then goes to the accounting department so that the exhibitor can be billed for it before the print goes out, and notice is sent to the Ad Sales Department, which fills the advertising order so that the exhibitor can advertise a week prior to the exhibition. Notice of date is sent to the accounting department, the shipping department, and the inspection department so that the film may arrive at the theatre in time for exhibition.

Chart
No 6

The Handling of a Sale - Based on 1 Picture



Famous Players - Lasky Corporation

METHODS OF PAYMENT

There are four copies of every contract, one of which is sent to the home office, one goes into the contract files of the exchange, one to the district manager, and one is held by the exhibitor. The terms of payment in our business are strictly cash. Payment is made at least three days in advance of the date on which the exhibition is to take place, and outside of a few large circuit accounts we give absolutely no credit. We extend no credit because there is no merchandise to go after when your exhibition is over. It is different if you sell a man a carload of canned goods. If you go into his store the next week he may have half of the shipment left and that you can get, but with us after an exhibitor has used the picture nothing is left; it is an exhibition and it is over. He in turn takes cash from his customers and extends no credit. So we extend no credit to our customers, and ninety-nine and a half per cent of our business is cash in advance. Our percentage of loss on bad accounts is less than one-tenth of one per cent of the total turnover per year. That is a very important item in the business.

EFFORTS TO HOLD FOREIGN TRADE

There is one thing I forgot to mention in connection with the foreign situation and I am going back to it for just a minute. That is the question of how we are trying to lessen sales resistance in those countries that want to build up their own industries. We are trying to do

that by internationalizing this art, by drawing on the old countries for the best talent that they possess in the way of artists, directors, and technicians and bringing these people over to our country, by drawing on their literary talents, taking their choicest stories and producing them in our own way, and sending them back into the country in which they are famous. In doing that, however, we must always keep in mind the revenue end of it. Out of every dollar received, about seventy-five cents still comes out of America and only twenty-five cents out of all the foreign countries combined. Therefore you must have in mind a picture that will first bring in that very necessary seventy-five per cent and that secondly will please the other twenty-five per cent that you want to please. If you please the twenty-five per cent of foreigners to the detriment of your home market, you can see what happens. Of course, the profit in these pictures is in that last twenty-five per cent.

QUESTION PERIOD

Question. I have heard that in selling motion pictures you try to sell a whole series of pictures so that the exhibitor to get one picture may have to take others that perhaps he does not want.

Mr. Kent. We have a term in this business known as block booking and it is a very much misunderstood term. As a matter of fact, the government is now litigating the question of what block booking really is.

The term "block booking" sprang from this situation:

the offering at one time of a number of motion pictures, the putting in a booklet of fifteen or twenty or up to seventy-five pictures that you proposed to make and release during the year. It is not true that an exhibitor has to buy all the product in order to get one picture. I will prove that to you by showing you that out of an average of nine thousand nine hundred possible accounts the circulation of a poor picture will fall as low as a thousand or fifteen hundred accounts, whereas on "The Covered Wagon" we got more than a hundred per cent circulation. We served thirteen thousand five hundred accounts, the number in excess of one hundred per cent representing repeat engagements. If you were to examine the accounts, you would find a number of accounts that buy three or four or five or ten pictures out of a group and do not buy the others. Of course, everyone makes a great effort to sell all the merchandise he can. If we can sell a man all our output for the year, that is what we try to do. Naturally, if he buys only fifteen or twenty pictures and takes the cream of your output, you charge him a proportionately greater price for the fifteen or twenty. If he buys seventy-five pictures, he gets what is more or less a bargain by using all your output. But I would say there are not over one-tenth of all the accounts in the country that use all the product of any one organization.

Still, as I say, we sell all the pictures we can. Let me show you where that is an advantage to the exhibitor. A man who is running a first-run house and changing every week uses fifty-two motion pictures in a year. If

he were picking from the market, he would have to screen at least two hundred and fifty pictures to pick the fifty-two that he wanted, because he has to look at four or five to decide which one he wants. That is why the exhibitor himself would rather buy his pictures from a reputable organization. The men who make these pictures and the men who buy the stories are supposed to have a sense of showmanship. That is what determines your reputation as an organization, the showmanship which goes into your product. What exhibitor is in a position to pit his individual judgment against that of all these men who contribute everything they know to the making of the motion picture? Therefore, the exhibitor who has stayed with a well known brand of motion pictures has invariably done better than the fellow who went out and sought to pit his own judgment against that of all the best showmen in the country.

Question. Do you think it is desirable to produce those retail outlets through lease?

Mr. Kent. Yes and no. That depends entirely on the kind of exhibitor you are dealing with. This is an age of consolidation of merchandising effort. I mean by that, that right down the line you find the bigger companies more and more providing their own show windows, their own show cases, in which to sell their merchandise.

Our business at the present time is just getting over a period of fierce competition. It is still very competitive but it is competitive on a little higher basis than it was a few years ago. During the period of this keen

competition everybody went in for theatres. I think the pendulum in time will swing back, because a nation-wide exhibiting organization will succeed only in proportion to its individual man power per theatre. Selling motion pictures to a community is not like selling shoes. Personality means so much in the man who operates a theatre in a little town. A man who is not popular can kill a theatre over night, while a man who has a personality, who is at the front door of his theatre and merchandises in a high-class way, can make himself part of the community and a sort of local institution.

Chain operation will rise or fall according to the quality of the man power in the individual theatre. If an organization can handle a group of theatres as well as an individual operator handles one theatre, the operation of a great number of theatres will be successful. Otherwise it will fail. In my opinion, the pendulum will swing back to a point where in the big cities we shall have the show cases, and the rest of the theatres will revert back to individuals.

Question. You mentioned that your company has inaugurated some sort of a percentage proposition to replace your present block price policy. How do you arrive at your percentage?

Mr. Kent. As we are playing today, 1,250 accounts produce seventy-five per cent of our revenue. We are playing sixty-five per cent of those accounts on a percentage basis. The percentage is based on the type of picture and on the amount of money we feel it will

draw at the box office. The exhibitor's overhead is also a determining factor. Percentages vary. You may play in a small house on a fifty-fifty basis from the first dollar. In other places you may take twenty-five per cent of the gross up to a point where the exhibitor has his overhead out with a reasonable profit, and then he splits fifty-fifty. In another instance you may take thirty-five per cent of the gross straight. It all depends on the class of theatre and the picture you are selling.

Question. How do you determine your advance payment in a case of that sort?

Mr. Kent. You arrive usually at an arbitrary sum. You figure that out of this engagement you have a right to take \$500. Then you bill the man in advance for twenty-five per cent of that. Then you will send your checker to the theatre, and he checks with the door man all the tickets that come in, so that you know you are getting your money. He gets his money before he leaves the house. I mean that, too.

Question. Do you have a reciprocal arrangement with foreign producers?

Mr. Kent. Yes.

Question. Is that on a percentage or a flat basis?

Mr. Kent. You mean for releasing their films here?

Questioner. Yes.

Mr. Kent. We have no fixed arrangement except with the Ufa Company of Germany. We are to handle five

pictures of theirs, of which two are over here, "Variety" and "Metropolis." We have agreed for a period of time to handle five pictures a year of their output.

From the other countries we pick up pictures according to their merit. If we find a good English, French, or Italian production, we try to give that distribution. That is one of the ways in which we are trying to meet the foreign problem sympathetically, by opening up the United States market to foreign films.

They have this disadvantage in producing, that as money becomes stabilized on the other side their negative costs approach the basis that we are operating on here, but their revenue is limited, compared with ours. If they make a motion picture that costs \$150,000, they have only one-fifth of the market in which to get their negative cost back.

Question. What effect does the use of vaudeville artists and jazz orchestras on the program have on the price policy?

Mr. Kent. It has quite an effect. There is a percentage of exhibitors that forget that motion pictures should be the main part of their program and go in more for vaudeville acts and jazz orchestras. That class of house generally buys a cheaper class of picture. The man who makes high-class motion pictures tries to keep his merchandise out of the vaudeville house and sell it to the man who operates a straight motion picture house. Where that is not possible, he sells to the vaudeville house.

Questioner. I mean in such a large house as the Metropolitan.

Mr. Kent. They do not call that vaudeville. That is different. As a matter of fact, it is. In those large houses that can do \$65,000 one week and \$30,000 the next, the policy is to give as much as they can for the money. I suppose that is the secret of success in the show business.

X

ADVERTISING MOTION PICTURES

ROBERT H. COCHRANE

Vice-President, Universal Pictures Corporation

I AM going to open with an apology and that is that I must read what I have to say. I cannot think on my feet; I never was trained in the law or public speaking or anything of that sort. I have written a great many speeches for other people—and they were beautiful speeches—and I have written my own. If you will pardon me, I am going to read it.

NO STANDARDIZED METHODS IN THIS FIELD

In the show business, before we put on a show, we sometimes have a prologue. My prologue is going to be a story, not because it is funny—it is not very funny—but because it will sum up in a few words a problem in advertising moving pictures.

Five men went on an elephant hunting expedition. When they returned, each one wrote a little book about it. The Englishman used as the title of his book, "Shooting Elephants." The Frenchman called his "The Romance of the Elephant." The German used the attractive title "A Psychological, Physiological and Pathological Study of the Pachyderm in His Native

Habitat." The Russian called his "Are There Such Things as Elephants?" And the American in big type used the caption "*What We Need Is Bigger and Better Elephants.*" You see, it all depends on the point of view of the writer and on what audience he is seeking to interest. Each may be right.

So it is with moving picture advertising. If five different men stood in my place at this moment and made five different speeches, you would hear five different points of view on how to advertise motion pictures. That is largely because we have a problem so different from that of the average advertiser.

Mr. Hays told you a few days ago that we cannot standardize our pictures as a soap manufacturer standardizes his soap. They must all be different. So must our advertisements. Each picture requires a new advertising treatment, a new approach. We may standardize "brand" advertising, but each film presents a new problem.

Ivory Soap floats. It has always floated. It was floating before you were born. It will continue to float long after we have ceased to need it. That is a whole advertising campaign in itself—and a fine one. But just picture to yourself the consternation in the Ivory Soap factory some day if a cake of soap should happen to sink! Everything would be turned upside down. This illustrates the uncertainty of advertising pictures. We cannot standardize our advertising campaigns any more than we can standardize our pictures. As with Ivory Soap, some of ours float. But some sink. Others slip. And still others make a clean-up!

AIMING AT THE AUDIENCE

I came into the motion picture business at a period when some one said, "The only two-syllable word a film man knows is 'fillum.'" There were no other advertising men in it. I had a virgin field and therefore an easy problem, because there was no advertising competition. So I made many mistakes. One of the first things I tried to do was to elevate the tone of the advertising. I was an ardent uplifter.

One day a small theatre owner of the type who needed no Arrow collar because of his whiskers, came to me and complained that our posters were not sensational enough. He pointed to one which was hanging on the wall. It was a work of art. At least I thought so. It was one of my upliftings. "It has no kick to it," he said. "It is too pretty. There is not enough action in it." I was peeved. In the most biting tones I could command I said, "Oh, I suppose you would like to have me throw a bucket of blood across this thing to make it more attractive and gory." His eyes brightened with enthusiasm and admiration, and he said: "That's it! That's it! That's just what we need. *That will bring the people in.*"

I learned one lesson from that. I had heard theorists say, "Never write up to your audience" and others, equally theoretical, say, "Never write down to your audience." So I started down the middle course and began to write *at* my audience. That is a pretty good thing to remember when you become executives of big corporations. See that your advertising department locates its audience and then writes *at* it.

It is a rash motion picture man indeed who, finding himself in the present speaker's position, does not admit that he would rather be on the students' side of the room seeking information. For only a self-satisfied picture man will refuse to confess frankly and humbly that in the matter of advertising he is learning new lessons and discarding old rules every day of his life.

THE APPEAL TO IMAGINATION

This is only natural, and for reasons aside from the youth of the industry. We deal with an intangible product—entertainment. We appeal to the broadest phases of that intangible thing, human nature—to its imagination, to its hidden longings, to its obvious current fancies, and to the unknown quirk of mass psychology that tomorrow may bring.

We live doing a continual mental hop, skip, and jump—while at the same time our feet are anchored to the ground by the demands of good business sense, by the necessities of world-wide marketing machines and a complicated method of getting to market, and by the fundamental tenets of sound advertising practice that apply to all fields.

I can give you no rules. The man who feels that he has the business of motion picture advertising, publicity, and exploitation reduced to rules is due for a rude, jarring awakening with every new moon. I can only attempt a sketchy survey of our problems as we see them, of the different means we have employed to meet these prob-

lems, and the varying degrees of success we have met.

THREE FUNDAMENTAL TERMS

I can probably best open a discussion of the problems by defining the fundamental terms used in the business. As frequently as you hear a motion picture man use the word "advertising," you will hear him use the phrase "advertising, publicity, and exploitation." These three words, "advertising, publicity, and exploitation," roll off the tongue as though they were describing a single unit or task. Essentially they are, for while describing separate functions, they are functions aimed at a single result—the result more commonly designated by men in other business walks by the all-inclusive word "advertising."

ADVERTISING

In the motion picture field we confine our definition of the word "advertising" to the more positive and specific job of selling through the printed word—by paid advertising space, direct-by-mail printed matter, lithographic posters, and so on. This line of our work is a direct inheritance from the older lines of manufacturing and in itself would constitute the entire advertising work done by a manufacturer of such staples as shoes, clothing, or the like. In this branch we have traveled in a period of less than twenty years, not only in physical growth but in lessons learned and in methods evolved, past the milestones that would probably tell the history

of commercial advertising for the past half-century. From a point less than twenty years ago when a manufacturer's "ad" need consist of little more than the statement that he was in business and the all-important fact that he had product available for the market, we have reached a high degree of organization. I feel safe in saying that in numbers and quality of personnel the advertising departments of any one of a dozen or so motion picture companies will compare favorably with general advertising agencies handling the accounts of a score of manufacturers in different lines.

PUBLICITY

It is under the heading of "publicity" that the motion picture has probably reached its most individual development. While publicity work can be defined as "the dissemination of news" and the greater part of motion picture publicity is that and nothing more, it is nearer to the truth to define publicity work as the "*dissemination of interesting reading matter.*"

In a dim and distant sense our publicity departments are an inheritance from the theatrical side of our parentage. But it is a far cry from the press representative of the theatrical days, with his one theatre and one play to publicize, to the present-day motion picture organization, with a score of plays and players to keep before the public eye and its daily task of reaching every corner of the country and every size of community. Some figures may give an idea of the magnitude of our present

work. One company's pay roll charges alone for publicity work in the New York office and Los Angeles studio will average \$3,500 a week. The cost of operation may be gauged from one item, the cost of photographs reproduced for newspapers and magazines throughout the country. The cost of these photographs alone will average \$600 a week per company.

Efficient publicity work is, of course, an aid to the advertising and selling of a product and as such is conducted with a selfish, commercial end in view. No one will deny that. But in the early years of picture publicity there was an opinion in many circles of newspaper life, and it is still current in some, that the publicity man's sole justification for existence was in securing free space in newspaper columns and the consequent avoidance of the use of paid advertising copy. This is not true.

ITS VALUE TO THE PUBLIC

In addition to the commercial objectives of the people who are paying him, the motion picture publicity man serves a necessary and useful function. Almost overnight we have seen an industry take a place in the hearts of the people yielding in importance only to their family interests. That industry's appeal is entertainment and the entertainment provided by individuals, *personalities*. The demand for news and information concerning that industry, its products and its personalities, was bound to follow. In meeting the demand, newspapers need the contact services of the motion picture publicity man.

Do away with the publicity man and you will find the enterprising publisher sending correspondents to permanent duty at the studios just as they now send men thousands of miles to watch the training camp activities of a baseball team. Both sports and motion pictures have in common that unanswerable weapon, *reader interest*.

In fact, the motion picture publicity man is a reporter working for the newspapers and magazines of the country. In operation, the publicity chief of a large company is a managing editor, with a staff of news gatherers, special writers, and photographers sufficiently large to get out a good-sized paper.

EXPLOITATION

We come to the third phase of our work of creating interest in our product, that of exploitation. The position of exploitation in the industry is in a transitory stage and that makes it a bit difficult of definition. You might get an idea of the background when I say that the first exploitation man was probably the man who devised the idea of having the circus parade before the performance. That was neither advertising, as the copy-writing advertising man would define it, nor was it publicity in the sense that the publicity man is supposed to be confined to the printed word. So it is called exploitation. It brings cash customers to the box office, probably just as many as respond to the advertisement or the publicity story.

A few years ago the work of motion picture exploitation could well be understood after that reference to the circus parade. The exploitation man was a hail-fellow who had the knack of burning up rivers and painting towns red, until everybody knew about his particular picture and the theatre at which it was playing.

Out of the job of that individual there grew up a definite service, an important branch of our work. If I may borrow the phraseology of other manufacturing lines, exploitation is the job of helping the dealer move the goods off his shelves and into the hands of customers. Its operation is twofold. In the field, the task is that of helping the dealer—in our case the theatre owner—after the goods have been sold to him. For this purpose the leading companies maintain staffs of twenty or more men stationed throughout the country. In its broader aspects, as directed from New York, the work of exploitation is to create in advance the things that will eventually sell tickets for the theatre owner. If we were about to make a picture with thrift as the moral, it would be the work of exploitation to arrange, even in advance of the picture's making, for the cooperation of savings bank associations. When this picture eventually reached a small town, the theatre owner would find that he already had the interest of his leading citizens aroused and their cooperation in his showing assured.

AN EVER CHANGING PRODUCT

Now for a discussion of the actual job of advertising, publicizing, and exploiting the motion picture. Funda-

mentally, as manufacturers, our job is the same as that of most other manufacturers. We must sell to dealers, and we must sell to the public.

After you have stated the task, however, you have completed the points of comparison, for you immediately run afoul of a very big difference. Where the average manufacturer, in selling dealer and public, can start out with the knowledge that he will be selling the same article for years, with at worst only annual or seasonal changes for new styles or models, your picture man faces the task of advertising an entirely new product from twelve to fifty times a year.

Try as we all do to sell trade-marks, organization ideals, and organization prestige—and it is only natural that our efforts should meet with some success—in the end we have to advertise each picture as an individual piece of merchandise. Today we may be advertising a picture with the melodramatic title "Held by The Law," tomorrow it will be Victor Hugo's "Les Misérables." Today it may be the ultra-modern mystery type, "The Cat and the Canary," tomorrow it will be "Uncle Tom's Cabin." Aside from the wide variance in appeal, consider another important difference exemplified by the two pictures last mentioned. In one, we have an investment of \$200,000; in "Uncle Tom's Cabin" \$2,000,000 would be nearer the mark.

Each week there is a picture for which the advertising theme must be conceived, the work planned and executed with all the care and consideration that an advertising agency would give to laying out a campaign to run for

an entire year. One week your factory or studio gives you a product that can be handled like Ford cars; the next week they are turning out Rolls-Royces.

THE START OF THE CAMPAIGN

Our advertising problems really begin with the selection of a story to make into pictures. That is primarily a production matter, but advertising thoughts come into play very quickly after it has been decided to make a certain picture. Is the title one that will have a broad appeal? Is it an indifferent one, with no meaning or appeal, or is it even a repulsive title?

Is it what might be termed a weak title, and yet one which, through publication or years of acquaintance, has become so well known that it would be folly to change it? No one would consider changing the title "*Les Misérables*" for example. Yet there are thousands of passers-by on the street who do not know what the words mean. There is an advertising problem. The title on a picture is advertising matter just as the carton design on a breakfast food is advertising.

Frequently it is possible to *buy* advertising value. Universal did not pay \$75,000 for the motion picture rights to Edna Ferber's novel *Show Boat* because it was exactly seventy-five times a better *story* than some plot purchased the same day for \$1,000. We were buying ready-made advertising value; buying with the knowledge that the public had already registered its liking for the novel in unmistakable terms. Since the problem of ad-

vertising is to create interest, we were merely paying a good share of our money in exchange for interest already created.

CREATING INTEREST

The play or story once selected, the first department to come into operation is that of Publicity. From that day it is the Publicity Department's function to create and maintain interest in the particular picture yet to be made. The very announcement of the story is news, the casting of the different parts is news, there may be interesting happenings during the making of the picture that constitute news. By means of weekly news bulletins to the papers, lengthier special stories when the information warrants it, and almost a literal deluge of interesting photographs, this work is done.

On pictures of lesser importance due to reach the market quickly, this work may be largely of a routine character. But then there are cases such as "Uncle Tom's Cabin," on which we have been working for over a year and a half. In that time the public has become vastly interested in the trouble we had in finding the ideal Uncle Tom. It found catchy reading in the story of our discovery of an old Mississippi River boat and the transportation of an entire company from Los Angeles for the necessary river scenes. Letters we have received show nation-wide interest in our task of selecting the tot to play Little Eva.

This is creating advance interest. At this stage, also, the Exploitation Department can be at work, though its

results may not be evident until the picture reaches theatres months from now. Paid advertising, either direct mail matter or publication space, is rarely employed in advance stages. For one reason, we like to see the product on the screen before we put our signature to statements about it. For another, it is not the best advertising practice to advertise a product months before either the dealer or the consumer can possibly buy it.

A DIFFICULT CASE

It is the exception that makes business history. Many years ago Universal was forced, in a measure, to write an exceptional page. We were engaged in the production of a picture known as "Foolish Wives." The director was a temperamental, erratic genius, autocratic in the control of the picture's making. We had not proceeded far with the production before we saw that the cost was going to reach heights unheard of then in the picture field. Frankly, in a day when \$300,000 for a single picture was a lot of money, we saw a cool, hard million dollars being spent on "Foolish Wives."

It was not sound business sense to wait until the million was gone and then lay plans to get it back with a profit. We had to start early and we could not start too early. The Publicity Department's function was handicapped because "Foolish Wives" was an original story written by the director, and in such cases it is not possible to maintain the news interest that is found in the production of a well known vehicle, such as "Uncle Tom's Cabin"

and "Show Boat." We could not use the ordinary advertising methods on a picture that was far from completion.

We probably did the only thing that could be done. It is a principle occasionally heard with a laugh in other advertising fields. *We capitalized our weakness.* We let it be known to the world in general by every possible channel that we had the bull by the tail and could not let go; that we had close to a million dollars in a picture and did not know when the outlay would stop; that while the phrase "a million dollar picture" was a hackneyed industry slogan, here was a picture actually costing a million dollars—and how it hurt! For months before the picture was completed electric signs on Broadway blazoned the fact that here was a real million dollar picture at last. We could advertise that much truthfully and we did.

As it turned out, "Foolish Wives" had box office and entertainment value when completed. But only the freak advance campaign put it in a position for us to get our terrific investment out at that period of motion picture history.

THE PRESS BOOK

On the completion of a picture, and following its viewing by the New York office, the three departments of advertising, publicity, and exploitation combine first on the preparation of what is known in the industry as the "Press Book" or "Campaign Book." This constitutes a complete and encyclopedic guide to the local theatre owner in selling the picture to his public. In effect, it

places in the employ of the smallest theatre owner in the country the services of the best possible advertising, publicity, and exploitation brains that we have been able to obtain.

There are publicity stories, of all possible usable sizes and on every angle of appeal to which the picture lends itself, which the manager may take to his local newspaper after filling in the name of his theatre. There are suggested advertisements from one-inch single column up to page sizes on the more important pictures, that are ready for use with the insertion of his theatre name. The exploitation department supplies a variety of ideas aimed at providing something that the village theatre can utilize as well as ideas for the biggest city theatre.

At the branch office of the firm from which he secured the picture, the theatre owner may secure matrices or cuts for the illustrations to be used for publicity stories or advertisements. In addition, the Press Book also lists and shows such aids prepared for his use as lithographs, colored photographs for his lobby, cards for use in store windows, and the colored throw-away circulars that we call "heralds." These advertising accessories for local use are provided for the theatre owner at a price calculated to cover the actual cost plus the expense of handling.

TRADE PUBLICATIONS

Simultaneously with the preparation of the Press Book, the Advertising Department has had to unlimber its forces on the task of shaping and placing the positive

advertising, using the word now in its limited sense. There are six or seven trade publications reaching the motion picture theatre owner and these are used in proportion to their circulation efficiency. The amount expended will run from an average of \$1,500 on what might be termed the ordinary picture to \$5,000 and away beyond in exceptional cases. Figures and averages are dangerous in discussing motion picture advertising because we must strike while the iron is hot. If a picture strikes the public fancy, we must "heavy pressure" it to get every possible dollar of return. If it fails to register with the public, no amount of advertising will change the verdict.

METHODS OF EXPLOITATION

With the showing of the picture in the first big cities the Exploitation Department gets into action. Obviously, of course, its work is the selling of the picture to the public in these cities. But secondarily, and importantly, its task is to show the theatre managers throughout the country by actual demonstration that the public will respond to the picture and also the methods to use in getting that response. As to the means used by an exploitation man I can best answer by telling you the sky is the limit. If he can induce the mayor of the city to attend the first performance and consequently obtain newspaper space, that is good exploitation. If he can prevail on the police department to hold a parade to the front door of his theatre because the picture's hero is a policeman, that is exploitation. If he arranges a special

performance for the school teachers of the city because the subject is taken from literature, that is exploitation. He uses advertising and publicity and then as much else as he can think of or get.

DURATION OF THE CAMPAIGN

That completes the cycle of bringing the picture from the manuscript to the public. I may be asked how long is the advertising life of a picture. Here again I must recall that we strike while the iron is hot and add that we keep on striking as long as it remains hot. Three months may be termed the period of high life for a average picture in the sense of advertising it; six months' activity is worth while on many. But when you get a "Covered Wagon" or a "Hunchback of Notre Dame" or a "Big Parade" you can keep right on in the belief that you will not stop until everybody in the country has seen it. Then you will only hide it for a few years, until they get anxious to see it again.

TIMING THE LOCAL ADS

A word about reaching the *public* with motion picture advertising, direct-to-the-consumer advertising, as it would be termed by other manufacturers. We have seen that the Publicity Department is at work early and late reaching the public through the channel of news. We have seen that the theatre man is supplied with advertisements for his use in reaching the public. And we have seen the peculiar ways of the exploitation man.

What about the manufacturer's paid advertising direct to the public?

First, let us consider the daily newspapers. Of course, during the year all the leading producers lay out considerable sums of money in daily newspaper campaigns in connection with their own showing of pictures in the bigger cities. But when it comes to the question of daily newspaper advertising as used in other fields to aid the dealer, we have been blocked by marketing conditions. The motion picture is not a product that will be on the dealer's shelves available to the customer at any time he may choose to buy; nor is it a product sold to the dealer for a stated, standard price. Our first problem, therefore, is that of timing the advertisements so that this local advertising may be of value to any great number of our theatre owners. Obviously, to be of value to the biggest customer, the leading theatre, it must be printed at the time that it is showing the picture or earlier than that. But that means it will have appeared weeks, perhaps even months, before the picture will reach the great bulk of our customers. That is not good advertising.

Supposing we time the ad only with consideration for the biggest customer. Here we have a theatre man who prefers to do his own advertising and who does a good deal of it. It is only natural that this customer should consider that the amount of money spent by us in advertising is directly taken from him in the rental price he is paying. At any rate, he would prefer to have us take the amount off his rental and allow him to spend his own money in his own way on advertising.

NATIONAL ADVERTISING

When you leave the question of daily newspaper advertising by picture producers in this unsatisfactory state and come to the matter of direct-to-the-patron advertising by national magazines, you will receive as many opinions as there are picture men.

We have first, of course, the problem again of timing our ads so that their appearance will correspond with the availability of the product to the reader. Obviously, we are not able to do the hammer-and-tongs direct sort of advertising that would sell the reader into a feverish desire to rush around the corner to view a certain picture. When he got there, the theatre might be showing an entirely different one. The alternative is the sort of advertising that lays stress on the institutional, while creating a general interest in the product. This means "long haul" advertising, advertising that once started must be kept up consistently in season and out of season. You cannot sell an institution by sporadic outbursts.

It is for this reason that only two companies can claim to have had any real success in their national magazine advertising. Paramount in its initial attempts was satisfied to sell the idea of motion pictures as motion pictures, with the selling of the Paramount name in great degree a secondary thought. Keeping at it consistently, the campaign bore fruit and now it is accounted a factor in selling Paramount as Paramount.

Universal, starting its national magazine advertising some five years ago, by the adoption of a unique style of copy, a personal chatty appeal, an informative, *newsy*

angle, has perhaps gone farther in selling the product—pictures and players—in addition to the institution. The “Watch This Column” talks in the *Saturday Evening Post* are ads, it is true, but also they constitute a photo-play *news* column in that publication, and your true motion picture follower is an eager searcher for news and more news about the players in whom he is interested. In our five years of these ads we have accumulated a mailing list of many thousands of names of interested readers who receive frequent direct-by-mail bulletins of our activities. The volume of weekly mail is large enough to show that we are reaching our market.

. TRUTHFULNESS

A word about “truth” in motion picture advertising and publicity. In the matter of advertising it did not take the industry long to learn that the truth pays. You will not find the truth actually violated in motion picture advertising to the dealer or to the public. And at the same time you may not agree with an ad after you have seen the picture. This is because we deal in an intangible product, with an appeal as varied as the number of persons you may find in an audience. The picture advertised as “one of the greatest heart dramas ever made” may not appeal to your heart at all. But at the same time there will be many in the audience who would go further than the advertising writer and proclaim it “the greatest.” Where is the picture advertising man to find the lines of demarcation between truth and exaggeration and

opinion? He can only take the point of greatest appeal about a picture as it strikes him and do his best to sell it to all the readers he feels will be affected by that type of appeal.

There was a time when our skirts were probably not so clean in the matter of truthful publicity. As an inheritance from the theatrical days, we had the conception of a publicity man as one who stole newspaper space by hook or crook, and the more clever if by crook. Here I want to pay a word of tribute to the work of Mr. Will Hays in this regard. The industry has long since cleaned house; there is no room for the faking type of press agent, creating news out of whole cloth and laughing at editors who fall for his dreams. There is a feeling of confidence on the part of newspaper editors in all sections in the word of a publicity man representing any of the industry's leading companies. Such authorities as Kent Cooper, of the Associated Press, have within recent months paid high tribute to the industry and to Mr. Hays for our standards and practice in this respect.

HOKUM

Now, in conclusion, a word about hokum. That is a perfectly good word, admitted to good standing in the best dictionaries. Do you know what it is? Well, the Funk and Wagnalls dictionary describes it as "a word, act, business, or property used by an actor to win an audience." The aim of every advertisement, whether of pictures or anything else, is to win an audience. So it is

legitimate to use hokum in advertising, because to win an audience for pictures you have got to reach its heart. And hokum is nothing in the world but heart interest. The fire engine dashing down the street is good hokum for the people who love that sort of thrill. On the other hand, the classics are good hokum for the so-called high-brow. Pick out the feature of your picture which you think will interest the greatest number of people. Then hammer away at it and keep hammering away until you have driven it home. Let us call that feature the ball. Well, to use a bromide, just keep your eye on the ball and follow through!

QUESTION PERIOD

Question. Will you discuss the importance of brands in advertising motion pictures?

Mr. Cochrane. I can not. There is not anything to discuss about it. There is no importance to it. Are you speaking of the separate brands put out by a company?

Questioner. Yes.

Mr. Cochrane. That is all right, to the trade. The trade understand what you are talking about, but when you attempt to do it to the careless reading public it has always been unsuccessful. Half the time the people coming out of a theatre do not even know what company made the picture. Ask them who made that picture that they liked so well and they cannot tell you. They are interested in personalities, in the people in the picture, and the brand name does not seem to register with them at all.

As I said a few minutes ago, if you are speaking of Paramount as a brand, they have kept up their campaign so long and so consistently that they have got to the point where a brand name does mean something to the public.

Question. How much does it mean to the exhibitor?

Mr. Cochrane. To the exhibitor it classifies the producer's product. Some producers make different brands of product and to classify the finest, the next best, and the third best, they will give each a brand name. The exhibitor knows what the producer is talking about. That is all the brand name means to me, the meaning it has to the exhibitor in buying his product.

Question. How are foreign advertising campaigns formulated?

Mr. Cochrane. Everything I have told you here is translated into every language there is all over the world. Our export department has the translators. We send electrotypes of our cuts to all our offices all over the world and they, of course, have to make slight changes. If we use slang in the English text, they have to use something else. All our advertising, publicity, and exploitation material is sent to all those foreign offices.

Question. Don't you recognize a difference in the psychology of the different people that you are trying to advertise to?

Mr. Cochrane. That is for the manager in a foreign office to take care of. If he finds that some of the advertising we do in America has no appeal, he may eliminate

it. For instance, to go back to the question of slang, years ago it used to offend the English a great deal because our advertising was copied almost bodily by our English office and contained a lot of American slang. It annoyed them and irritated them and was mighty bad psychology. Then we put a man there who had sense enough to take that offensive material out and appeal to the people of that country. And so they do all over the world. Our managers are supposed to be mentally equipped to do that.

Question. What are some of the outstanding exploitations that you have had in the past?

Mr. Cochrane. That "Foolish Wives" thing is one we are proudest of because we had nothing to advertise. "Outside the Law" in this first problem* was another. All we had there was the title, and the problem was to hook it up with the thing that was then taking the most space on the front page of the daily newspapers. That was a reform campaign, an effort to enforce the blue laws, making it a crime to do almost anything on Sunday but breathe. Have any of you worked that out? Or shall I tell you what we did?

Question. What did you do?

Mr. Cochrane. We took the title "Outside the Law" as about the only thing we had to talk about. We had printed 24-sheet posters with a white background and on

*The reference is to three problems that were propounded to the students of the class for solution. These problems are printed at the end of Mr. Cochrane's lecture, page 261.

the left end of the poster there was located a big shield like a police shield. On the top of it in big letters there was a big letter "P" and below that a "D," looking as though it might stand for Police Department, and in big letters across the bottom we said, "If you kiss your wife on Sunday you are outside the law." On other boards we had, "If you drive your automobile on Sunday you are outside the law," and "If you play golf on Sunday you are outside the law."

All this was in New York. Of course they were not signed. There was nothing to indicate whether it was a book or a new kind of coffee or anything else. There was some talk about it. The newspapers did not know whether to mention it at first. They did not know whether it was a trick against the police or against the enforcement of the blue laws or what it was.

Then we got up another set of boards a little bit smaller, denying all the other boards—"If you play golf on Sunday you are not outside the law." In each case the words "outside the law" were in red type, and the rest of it was in blue.

That began to create interest, because everybody loves a fight and this was anybody's scrap. A funny little sidelight on human nature was brought out by the attitude of the New York, New Haven and Hartford Railroad officials. They were afraid that the enforcement of the blue laws might affect the running of trains on Sunday in New York State, which would have been a mighty sad thing for them. So they sent a man around to the printer. The printer's name was in small type on the

poster, and this man tried to find out from him who was putting out these posters. Of course, we had pledged the printer to secrecy, and he would not tell. The agent of the railroad company said to him: "You tell your client, whoever he is, that I want to help him in this fight. He can have all the billboards on the New Haven Railroad from New York to Boston." You can see what a temptation it was, but we did not dare to do it because after the thing came out it would let the railroad down and make an awful monkey of it. Of course, the printer told us about it and we had a good laugh. It was an awful temptation, but we did not yield.

Then the newspapers took the thing up and tried to find out who was back of it. Finally the police force went around, because they were getting interesting letters and the whole thing was a terrible mixup. The printer gave in and told who it was, and the police sent a detective around to see us. By that time we were ready, of course. Everything was ripe, so we agreed to be good citizens and we would come out and show the truth.

There was a girl in the play named Priscilla Dean. In place of the P we put Priscilla and in place of the D we put Dean. It was Priscilla Dean in "Outside the Law" and then the name of the theatre. The result was that instead of opening in one New York theatre we opened in five simultaneously and turned them away at every theatre.

That is one campaign we are proud of. It was a hard nut to crack, and we had nothing in the world to crack it with except an idea, but it worked.

Question. How do you propose to answer this third problem?

Mr. Cochrane. The one about "Uncle Tom's Cabin"? That is really a trick question. It is not a question so much of what to advertise as of what not to advertise. We have to dwell on the gorgeous beauty of the production and keep away from the slavery question as much as possible in our advertising. Of course, the story is all there and it will be in the picture, but it is not wise to rub it in. If there are any boys here from the South who can help us on that, we are still a little up in the air about it ourselves, and we will welcome all the suggestions you can give us.

Question. How would you handle the second one?

Mr. Cochrane. That is a case in which we have to make the public know who Victor Hugo is, not by anything he wrote but by a picture that was made from something he wrote. It is a problem that we have been facing and we are still facing it. We have not put the picture out yet. Thus far we have done several things, all with some effect. We told the public through the *Saturday Evening Post* and newspaper publicity that we did not know whether to show the picture in two parts or one. It is a tremendously long thing. We could have shown it in two parts of ten or eleven reels apiece, but that was awkward because you might see it at the theatre tonight, and when are you going to see the second part? Are you going to show it a week from tonight and expect the same people to come? Yet, if we wanted to tell the

whole story as Hugo wrote it, it was hard to cut it down.

We asked the public and we received thousands of letters, some advising one way and some another. The trade papers picked up the discussion and even the theatres became interested. We told the public that *Les Misérables* was written by the same man who wrote *The Hunchback of Notre Dame*. This was done to identify Hugo to the movie fans. We are working from the known to the unknown. In addition we started a scholarship contest in the high schools for the best essays on the subject, "What ideals of life do you find in 'Les Misérables'?" We offered eleven of those scholarships. We arranged with book publishers to put out special editions of the book. The publishers will issue special literature calling attention to the scholarship contest.

PROBLEMS SUBMITTED BY MR. COCHRANE

Problem No. 1. You have a picture called "Outside the Law." The author is unknown. The star, Priscilla Dean, is not well enough known to justify using her as the central point in your advertising campaign. It is an exciting police picture, sure to please an audience once you get the audience into the theatre. That is the trick—how to get them in. You have exhausted all the ordinary means of making this picture appeal to the people. There is only one thing left. There is a temporary effort on the part of certain reformers to enforce certain old blue laws making it illegal to drive automobiles, play cards or games, or indulge in other sports or pastimes on Sunday. The newspapers are full of this. How can you "hook up" the public interest in the blue law enforcement campaign and get the benefit of it for your picture?

Problem No. 2. You have a foreign-made production of a great classic, *Les Misérables* by Victor Hugo. Bearing in mind that this is a costume picture, that it is difficult to get the movie fans to take costume pictures seriously, that no member of the cast is known in this country, and, in fact, that you have nothing but a great production of a great classic—such a huge thing that you do not know whether to run it in two sections of ten reels each or in one boiled-down section—how would you stimulate public interest in it?

Problem No. 3. Universal is making a two-million dollar production of "Uncle Tom's Cabin." Realizing that certain sections of the South bear a grievance against

this book, bearing in mind also that a number of real negroes appear in minor rôles, how would you advertise this picture in the South?

XI

THEATRE MANAGEMENT

SAMUEL KATZ

President, Publix Theatres Corporation

MY SUBJECT is the exhibition end of the motion picture business. I shudder somewhat at the thought of trying to convey within the allotted time of one hour a picture of that end of our work. I shall, therefore, hurriedly sketch the business as I have seen it in twenty years and bring it up to the operation of a given theatre and the relationship of that theatre to the chain development of the motion picture theatre.

CONDITIONS TWENTY YEARS AGO

My first entrance into the theatre business was in 1906, in a little store show that consisted of some camp chairs located in a frame building, with a stove in the middle of the auditorium, a sheet at the farther end of the store, a crudely constructed box office, and an orchestra of one musician. That was my job—leading and playing in that orchestra.

The films of the time consisted of 500-foot subjects and were imported primarily from France and Italy, with occasionally one made here. The French and the Italians early showed a dramatic tendency, and the manners and

customs of those countries were definitely reflected in their pictures. At that age, of course, the imagination was easily stirred—youth is impetuous, anyway—and it looked to me as though this novelty, for which people paid five cents and would laugh and even cry, was something that had an economic future. The manager of the theatre told me that there was a profit, as I remember it, of a couple of hundred dollars a week in his little theatre.

As the product itself, the film, improved, so, of course, the theatre advanced. For a time the theatre advanced in value more rapidly than the product, because the theatre was fundamentally a sounder investment. It represented real estate. It represented a more solid justification for an investment than the production of a motion picture which was then, as it is still, to a considerable extent, a speculative venture.

OPERATION OF A PRESENT-DAY THEATRE

Many of you, I am sure, remember the early store shows and probably marvel at the palatial playhouses that now house these motion picture productions. The management of the best present-day theatres, the trade term we use being a "de luxe" theatre, is a highly detailed operation. It involves the most accurate business study. It invites, of course, great play of the imagination, but essentially it is a business, so much so that as a result of ignoring this essential character huge sums of money have been wasted in the not very distant past. We are trying to stabilize the business of theatre management.

DETERMINING LOCATION AND STYLE OF ARCHITECTURE

First, we are faced with the problem of determining a proper location for a theatre. Many elements enter into our decision on this point: the size of the population; its character; its environment; its earning capacity; its saving tendencies; its normal need or desire for relaxation—in other words, the amount of work that would necessarily demand a certain type of relaxation.

Let us begin with the first consideration, the choice of a location. That immediately governs the amount of the investment for a theatre in that location. The location for a theatre in our business may be acquired by purchase of the fee; or people may build theatres for us which we will lease for a period of years. After the location has been determined, a study of the community is made, a study of the existing theatres, and from that we determine the type of architecture that ought to go into that particular theatre. If the community has already a theatre in the style of the French Renaissance or the Italian Renaissance, we will probably take an entirely different type for the architecture of our theatre, so as to make it distinctive.

After the sketches have been prepared by the architect, the question of equipment, the character of the equipment, and the amount of money to be invested in the equipment follows. This is usually influenced by the design or the style of architecture. The usual contracts are made in the usual way, based upon the accumulated experiences we have as a result of building and running theatres of different sizes in many cities.

TYPE OF ENTERTAINMENT AND SELECTION OF MAN POWER

Then we begin to think of man power for the theatre. Just ahead of that, we view the theatre in this manner. A theatre to be successful must be successful in its foundation. I mean by that, we must make up our minds at the time the plans for this theatre are drawn as to the kind of entertainment that is to be furnished in it when it is finished. And our success in the operation of that theatre depends primarily upon our ability to gauge in the beginning the entertainment that is to be given the people. Then, having determined upon a specific policy for that theatre, we begin thinking of man power and begin training man power for that specific theatre. If it is to be a vaudeville theatre, that requires one type of man; if it is to be the so-called de luxe motion picture theatre, with "presentations," which I shall explain later, it requires another type of man.

COLLEGE TRAINING FOUND VALUABLE

There are, however, fundamentals in the training of our men that are applicable to each and every theatre on our circuit. In the first place, we are attempting to interest in our business the college graduate. Some ten years ago we built the first large theatre in Chicago and in advertising for a manager for that theatre we specifically stated in the ad that we wanted a college graduate, a man who had no previous theatre experience. We engaged such a man and have since covered all our large theatres in the Middle West with college graduates.

The results of their work have been very interesting. We have found that the background of their academic training in college has prepared the men to think in orderly and well organized terms and in a systematic manner. The whole routine of academic life is specifically applicable to our business for this reason: The very nature of our business is imaginative. We are working against time all the time. We are never appealing to the material senses in selling what we have to sell. Our entire subject is apparently a psychological one—it might almost be called a whimsical one at times. At any rate, it is a business appealing at all times to the imagination.

Before the introduction of the college man into our business this very appeal and play on the imagination created a looseness in the mind of the theatre manager. He thought in terms of that all the time to the exclusion of the firm, well organized study necessary for success in any good business. We found, therefore, that the college man, who had been trained to think in orderly terms, whose mind was trained to think of English for one hour, to the exclusion of other subjects, and then think of geometry for another hour, to the exclusion of all other subjects, was exactly the type we wanted, because he had learned to concentrate. He could come to the theatre and think of advertising, say, for a solid hour each day to the exclusion of all other subjects and give to the study of that subject that tremendous reservoir of power which is latent in every person but which the untrained mind has never learned to apply. So you see it

was a perfectly natural thing for the college man in our business to make rapid strides.

The operation of a theatre is finally a business because it must reduce itself to a balance sheet and it must reduce itself to profits. Again, the well regulated and well ordered mind grasps that much more quickly than the purely imaginative, and I might say, untrained mind—untrained in the sense of orderly thinking.

We think of our theatres in terms of what a German friend of mine who has a little bank in Chicago has often said to me. He said, "Every time I look at a balance sheet I know the liabilities are good." Of course, that is true of any business, but it is particularly true of our business. We know that our expenses are fixed, that they must be paid, and that, as my friend said, they are always good.

BUDGET FIGURES AND EXPECTANCIES

The possibilities of income cannot be determined accurately. We can by experience judge pretty nearly what a given theatre in a given community should do, because with theatres all over the United States in all kinds of communities our experience will present somewhere near what we might look forward to. But until recently—I should say up to the last five or six years—theatre operation was not thought of in these terms. The word "business," somehow or other, was absent. We thought too much in terms of this intangible product we were selling rather than in specific business terms. In recent years, however, we have reduced our business to a definite

budget. We break down every single item of operation. The manager has before him now a definite budget upon which he works, accounting for every possible contingency in the operation of his theatre. Against the set budget we put down an expectancy figure and we explain to him why he ought to get that expectancy. Then he is expected to use all the imagination he possesses, but at all times he must keep within the budget figure.

TRAINING OF EMPLOYEES

We have gone into the training of employees very intensively and very carefully. I have with me two volumes which I shall leave here. One is entitled *Training of Theatre Employees for Public Service* and the other *Fundamental Principles of Balaban and Katz Theatre Management*. In this book on the training of theatre employees, the conduct of every employee of the theatre is before us. All our experiences for the past ten years have been reduced to writing, and there is no phase of contact with the public that is not covered in this volume. The employee is taught in this volume his method of address and his manner of address. He is taught good manners. He is taught that patrons never want to be touched by strangers and how he can accomplish everything he wants to accomplish without doing that. He is taught when referring to patrons, to use the terms "gentleman," "lady," or "child," and never "young lady," "girl," "elderly gentleman," or "elderly lady." Here are some of our rules:

"Never summon a patron by calling to him."

"Under no circumstances snap your fingers. Step up to the patron and say, 'I beg your pardon, sir'."

"Never give a patron an order, but transmit your desire to him in the form of a request, asking him to do this or that, politely. When he has complied with the request, say, 'Thank you, sir'."

"If asked your opinion of the show, answer, 'The comments are very favorable, sir. I am sure you will enjoy it'."

Every experience we have had is recorded. The employee is even taught what to do in the embarrassing situation created by the young fellow who thinks that when he has purchased his ticket in the theatre it gives him a license to fondle his girl publicly. We are proud of the conduct of these young men in our theatres. We try to teach them that they are really the Publix Theatres Corporation; that they are our front line troops, the point of contact with the public, and that we send them forward as messengers of good will; that they are selling to the public something more important than even the quality of the picture or the quality or quantity of entertainment. The pride we all feel in the Publix operation is really based on the attitude and behavior of these young men, most of whom are high school boys.

ELABORATE SYSTEM OF OPERATION

The operation of a de luxe theatre, such as the Metropolitan Theatre of Boston, is an extremely interesting

process. There are hundreds of thousands of dollars worth of mechanical equipment in these theatres—refrigerating plants, ventilating plants, heating apparatus, huge electrical equipment—all requiring intelligent care and intelligent supervision. Every detail of that operation has been recorded. Everything happens on charts. For example, I have here the record of the ventilation condition of the Paramount Theatre in New York as of March 22, just passed, and this chart records the temperature every hour in the orchestra floor, in the balcony, in the lobby, and, of course, the outside temperature at the same time, so that the manager has this chart all the time, pointing out to him whether he is or is not taking care properly of the health and comfort of his patrons.

Another interesting thing in connection with theatre operation is this. We work against time all the time. We deal in seconds. The theatre that is well operated, into which you feel you are being led easily and which you leave easily, always shows more gross receipts than the other one. It can have a smaller crowd waiting yet show greater gross receipts, because the people have been moved in and out on time. Different cities represent different problems. In Boston we may have to put our last show on at 9:12 because the employment of the people of Boston demands that they reach their offices at 8 o'clock in the morning and we must send them out of the theatre earlier to get them home early. In New York that same show is possibly thirty minutes later, and in Memphis, possibly twenty minutes earlier. Those schedules are worked out in minutes and seconds.

USE OF ATTENDANCE RECORDS

We have also in our theatres things that we call "spill cards," on which the ushers and the floor captains record the number of people coming in. Each boy has a little clocker in his hand and when you are passing through his aisle in the balcony he has a record of the number of people going to that particular group of seats. He puts the number down on his spill card and it is relayed to the door man. The door man relays it to the sidewalk man so that he can tell you with some degree of accuracy how long you are going to wait to get into the balcony. If a show runs about two hours and the boy in the balcony has moved two hundred people in at 7:10, he may reasonably presume that at 9:10 he is going to have a hundred and ninety of those seats available. Some latitude must be allowed for people remaining over for something that interests them. Every phase of that, as I say, has been carefully worked out.

OTHER DETAILS WORKED OUT

It has been some years since I have taken tickets myself and I cannot cover that subject quite in detail as I should like to. In general, the economies of every department have been studied very carefully. There is no guesswork in any of our theatres. We know the number of janitors it should take to clean a given floor area. The amount of cleaning material used is checked carefully, because experience has taught us how much material each kind of a floor should take. I hold in my hand, for instance, a

statement called, "Daily Routine of Night Cleaning Force at Paramount Theatre."

For every crew in every corner of the theatre the work is laid out, and so is the equipment to be used. The books also cover actual past experience—what a certain cleaning material will do to kalsomine and what it will not do, what it will do in cleaning marble and brass and what it will not do. Those items are a very necessary phase of our organization. We cannot be successful unless the greatest care is given to the carrying out of all this detail.

THE UNCERTAINTY ADDS ZEST

At the same time the business affords great play to the imagination. The fact that you have not any idea what a given line in an ad may do to your gross for the coming week gives a sort of zest to the work. There is a spice in the uncertainty of the thing. Our operations are different from those of the ordinary chain stores or other lines of business in so far as we are selling an intangible something called "entertainment." We appeal wholly to the people in their moments of relaxation and we have no gauges, no standards, as to whether this food or that food, let us say, will produce certain results. We are appealing wholly to the imagination, and that provides interesting material to work with.

CHAIN OWNERSHIP AND CONSOLIDATIONS

There has been, as you have been told, a great development in the last few years in chain ownership of theatres

and particularly in the producers' identification with the ownership of those theatres. It was an inevitable development of this business. The source of supply is a limited one. The product of the motion picture producer does not hold against time. It is something that must be merchandized quickly. He has invested huge sums of money in this product and has to be assured of a permanent outlet. The only sound way in which to secure that was to own his own outlet. I do not know just how far a producer must go or should go in securing theatres. I do not believe anybody can answer that yet. The producer started out in the beginning thinking that if he had theatres in six or eight important cities in the United States, that would solve his problem. Of course it did not. He extended that operation, until at the present time the Publix Theatres Corporation, a subsidiary of the Famous Players, is interested in seven or eight hundred theatres in the United States and Canada, and thus Famous Players is assured of a permanent outlet for its pictures.

THEATRE OWNERSHIP NOT ALWAYS NECESSARY

As to whether all producers require theatres I do not know. I do not think so. I think the producer who produces a negative at about \$75,000 does not require and will never require theatres. But the producer who produces expensive negatives will require theatres for a definite time with the theatre chains. The chain operation of the theatre has proved a very practical and successful proposition.

ECONOMIES OF THE CHAIN SYSTEM

The typical economies of any chain operation are present, of course, in ours. The ability to assemble at one point a caliber of man power greater and more efficient than any local operator has at his command and then, having collected that higher grade of man power, to disseminate information from that group out into the field is a very practical advantage. This is probably truer in our business than in any other because in the first place the business is new and standards have not been fully worked out. Nobody can tell, for example, exactly how much of what percentage of the gross should be spent for motion picture advertising. Communities differ. They must be appealed to in different ways. We have theatres in the foreign sections of cities. They present new problems. All these elements must be considered. So the ability to collect in one place a great variety of man power with abundant technical information at its disposal will, I think, produce better results in our business than is apparent even in the chain operation of a mercantile business.

THE POSSIBILITY OF FURTHER EXPANSION

I believe our business can become international. As a matter of fact, we have already begun to make it so. We have a theatre in London, one in Paris, six or eight in the small towns in France, and some in Spain. We are just negotiating for a chain of theatres in Australia and I think in time several American picture companies

must follow this path in the distribution of their product throughout the world.

The opportunities in the business are great. I do not feel that we are getting out of our theatres over seventy per cent of their possibilities. I think many people who ought to be coming to our theatres are staying at home because we have not fully done our job in merchandizing what we have to offer. I believe, however, that rapid progress will be made within the next twenty-four months, because for the first time with an organization like the Publix Theatres we can really begin to develop our business nationally and attract more people to the theatres.

THE VALUE OF "PRESENTATION ACTS"

Large theatres have been constructed, and we have found that the average motion picture was not sufficient to fill them. Additional features had to be provided or too many seats would be empty. In some institutions vaudeville was used as an extra attraction, but we use very little vaudeville. We like better what we call "presentations," which means the production of acts with more quality in them than we feel exists in the present make-up of a vaudeville bill. We are now producing certain acts in New York and routing them throughout the United States so that the people in Dallas, Texas, are getting exactly the same kind of theatre, the same film, the same character of service, and the same acts as the patrons of our theatres in New York. In other words, New York entertainment in its entirety is being carried to the people

all over the United States in the Publix chain of theatres. The results have been very satisfactory. This new style of feature which we call presentation has done this for our business; it has more nearly leveled it, made it uniform and steady. Were we to run just the picture in those large houses, we should fluctuate greatly, according to the drawing power of the star or the story.

Presentation and Service—these two elements have established for us a reasonable and steady clientele, in most instances sufficient to keep us from a loss, and the picture, by its attraction, gives us extra profits, in proportion to its merits. So that the large theatre has been made a more satisfactory, or rather, a more permanent investment, by the addition of the variety numbers and other features which we call "presentation acts."

A MANAGERS' TRAINING SCHOOL

In our business the personality of the theatre manager manifests itself in dollars quickly. The clean, wholesome kind of fellow who is operating a theatre makes himself known quickly, because in the average town more people pass through one of our theatres than through any other institution in the place. The manager, therefore, has an opportunity to meet a great many people, to take his place in the civic life of the community and really carry on a very fine kind of work. And the man with the right personality turns that into additional dollars at the box office very rapidly. In the manager's training school that we have established in New York, where a six months'

course is given to our men before they go out into the field and where every phase of the operating end of the business is studied, a great deal of time is spent in building up personality with an appreciation of the responsibilities to the community the man will have when he is sent out into the field.

I realize I have been rambling a little, even though my text has been orderly thinking and systematic treatment of a problem. I wonder if I have not said enough. Possibly you may like to ask a few questions. If so, I shall be very glad to answer them.

QUESTION PERIOD

Question. Have you found that any particular size of theatre gives a greater return in proportion to the investment?

Mr. Katz. No. That depends entirely upon the community, the size of the community, and competition conditions. We have small theatres in small towns that probably return a greater percentage on the investment, probably not nearly so permanent, however, as the smaller return on the larger theatres.

Question. Do you finance the building of your theatres?

Mr. Katz. In some instances we buy the land and estimate the cost of building and borrow by way of mortgage a portion of that cost and supply the balance ourselves. In other instances we lease on a basis of return on the land and return on the building to the owner. A

formula that has been used somewhat has been 6% return on the land and 9% on the building and equipment.

Question. Do you raise a specific mortgage on the property itself, or do you have a general mortgage on all your property?

Mr. Katz. In our institution, up to this time, it has been a specific mortgage. We have issued no general mortgage or debentures yet. We finance our business through stock.

Question. What method do you use in the purchase of your product?

Mr. Katz. In most instances we purchase from the Famous Players on percentage. There are some instances, in the presentation houses, where the other part of the entertainment plays an important part. There we will purchase on flat rentals and agree to take a certain number of pictures during the year.

Question. Do you purchase from the New York office?

Mr. Katz. The purchasing is done in the New York office, and there are district bookers. In other words, we purchase for these theatres everywhere, and then the information is sent on to the districts in which the theatres are located, that is, to the district bookers, who in turn give the assignment to the managers and feed it in on their playing time.

Question. Your presentation that is popular in New York, is it as popular in Dallas?

Mr. Katz. Pretty much the same. We find this: when we get below St. Louis, we must get into the jazz thing a little more than we do up to St. Louis.

Question. What is the general budget of the manager that you spoke of? So much for overhead, light, heat, and so forth? Does it include all that?

Mr. Katz. Yes, everything. It is broken down here I think into eighty-eight items, and a budget is set up against each item.

Question. Have chain theatres in small towns become prevalent?

Mr. Katz. Yes. We have a great number of small towns. As a matter of fact, in the South and in New England we operate chiefly in small towns.

Question. What size town, about?

Mr. Katz. Up to the present time, we are keeping in towns above five thousand. We are in very few towns below five thousand.

Question. Do you carry the "Publix" name in those small towns?

Mr. Katz. Yes. We are just beginning to do that.

Question. Do you buy outside pictures, or just Famous Players?

Mr. Katz. We buy everybody's pictures.

Question. On what basis do you buy outside pictures?

Mr. Katz. If the quality of the product is like that

of the Famous Players, we buy it on pretty much the same basis. There is no discrimination in the method of purchasing from outsiders because, if we attempted that, the theatres as a company would fail and would sink the parent company. We can lose enough money in our theatres to sink the Famous Players.

Question. When you go into a town of 100,000 or more to install a theatre or put up one of your theatres, do you find much competition from local interests that possibly have had control of the moving picture business there?

Mr. Katz. We do not do it quite that way. My thought has been to do it in cooperation with the local exhibitor wherever that is possible. The Publix today is a system of partnerships. I judge we must have in excess of one hundred and twenty-five partnerships making up this chain of Publix Theatres. We have found that a young manager can probably produce better operating results than an old-timer—I mean a young man properly trained—but what he cannot do for a long time is to expand the business. The partner has that asset, and we are trying now to fuse both of those into our operation. We tell the partner, “You take the territory and develop it and confine yourself to finances, and let us put this man in for the operation.”

Question. You would actually take one of those theatres over?

Mr. Katz. We much prefer to do it that way. Even going in with a new theatre, we say to the local man,

"Put yours in together with this and pool them." We point out to him that we do not want to have him resist progress; we do not want him to go out of business.

Question. You have just one large central training school in New York City for training managers?

Mr. Katz. For the preliminary course, yes. After they have completed their six months' course in New York they are then sent for postgraduate work into the large theatres, say in Boston and Chicago.

Question. Do all those men come from New York City?

Mr. Katz. No, from all over the country.

Question. Do they usually get a section that they came from originally?

Mr. Katz. Not necessarily. We have been very anxious to get boys from the North into the South.

Question. Do you give your managers any financial incentive or a fixed salary?

Mr. Katz. Up to this point it is a fixed salary.

Question. Does the Publix chain extend out to the Pacific Coast?

Mr. Katz. Yes. We operate in Los Angeles and in San Francisco.

Question. What effect would the vitaphone have on the theatres?

Mr. Katz. I think it is the general opinion that the

vitaphone is something that will have a definite place. Possibly its greatest asset will be the effect of its orchestra in the small towns. It seems reasonable to believe that sight and sound can work together successfully. In other words, most of us think a phonograph is pretty good and our ear is willing to accept it, and so the ear will finally accept the vitaphone.

Question. Do you find a specific location is important, as it is with other theatres, or as it is with the Liggett drug stores—the corner of the street—or just a general location?

Mr. Katz. No. We found during the last couple of years, with building costs as high as they are, that we can no longer build on a hundred per cent corner anywhere. We have found by practical experience that, if we build the right kind of a theatre and put the right kind of entertainment in it, we can be two squares off from the main crossing and yet fill the theatre. For instance, the Metropolitan here in Boston is not on the shopping street, yet it fills frequently at 12:30 with shopping trade. In other words, shoppers find us if we give them what they want.

Question. How do you arrive at your percentage charges on films?

Mr. Katz. In an unintelligent manner. It is just a guess. We think we are being out-traded all the time.

Question. Do you believe in engaging vaudeville stars?

Mr. Katz. No, I do not.

Question. Do you not feel that engaging well-known stars will add to the attraction of the show?

Mr. Katz. Yes, but it would quickly put us in the same category with those theatres depending upon the motion picture itself. That would be all right when we got the star. We are aiming to establish a steady, uniform, level business and have the star in the picture from that time on. I do not think it is necessary to have vaudeville stars and picture stars both.

XII

THE MOTION PICTURE AND VAUDEVILLE

MARCUS LOEW

President, Metro-Goldwyn Pictures Corporation

I CANNOT begin to tell you how it impresses me, coming to a great college such as this to deliver a lecture, when I have never even seen the inside of one before. But Mr. Hays persuaded me that it was my duty to come, and I finally promised I would, provided the doctor permitted it. Yesterday morning before I left, the doctor thought I shouldn't, but I persuaded him that he was wrong and got his permission in that way. Of course, he still feels that he was right and that I was wrong, but I do not think so, because I have been compensated for my trip. I do not know what I should ever have done if I neglected this opportunity.

It was very hard sailing when I first started in the motion picture business. At that time, if you were seen in a motion picture theatre your reputation was gone, and I did not like that at all. Probably had I known that, I would never have started, but I made up my mind that I was going to fight it. I used to give passes to some of my friends and then I discovered that they were worse than the patrons I was getting. I found that they gave them to anybody they happened to meet on the street. I kept on and made up my mind that if I could, I was

going to make them recognize the picture business as a reputable business, which I knew it to be, even at that time. It was considered disreputable because there was nobody who knew anything about it. That included me.

PICTURES IN A PENNY ARCADE

The first time I ever saw a motion picture outside of a vaudeville theatre—where it was used as a “chaser”—was in a little place in Pittsburgh. There were no seats. They charged only five cents, and a man stood there and watched the screen for about two minutes and was supposed to be getting five cents' worth. At that time I happened to be in the penny arcade business. Later, while I was in Cincinnati a man came to visit me and invited me to Covington, Kentucky, to see a new idea in entertainment. I went over with my general manager—it was on Sunday; on weekdays he used to be the porter—and I never got such a thrill in my life. The show was given in an old-fashioned brownstone house, and the proprietor had the hallways partitioned off with dry goods cases. He used to go to the window and sell the tickets to the children, then he went to the door and took the tickets, and after he did that he locked the door and went up and operated the machine. He also used to lecture while he was operating the machine. I said to my companion, “This is the most remarkable thing I have ever seen.” The place was packed to suffocation. We wired at once for machines and started that Sunday in our arcade on the second floor. We took thirty feet of space

and hired the chairs. The first day we played I believe there were seven or eight people short of five thousand and we did not advertise at all. The people simply poured into the arcade. That showed me the great possibilities of this new form of entertainment. I came to New York but found that people there would not go in until we finally showed them they had to.

HOW VAUDEVILLE WAS ADDED

Then came the era of vaudeville combined with pictures. That all came about through an accident. David Warfield, who was not only my friend but associated with me in business, had recommended to me a pretty big actor at that time who was out of work and wanted a position as a doorkeeper. I felt kind of sorry; I did not feel that was the position for him. I thought people would recognize him. So I said to him, "Can you recite?" He said, "Yes, of course." I said: "I have an idea. I will put on vaudeville with pictures." At that time we did not know what feature pictures meant. I had him recite "Gunga Din" twenty times a day. That was the beginning of vaudeville as an adjunct to motion pictures. Following that, somebody sent Sophie Tucker to me and told me a hard-luck story about her. I gave her a chance, and she used to do fourteen shows a day. But she had to do seven white and seven black face to make it easy. She alternated. Once she would do her songs in white and the next time black face, so all she had to do was wash up or black up after every act.

ACQUIRING OLD THEATRES

At this time our largest theatre had two hundred odd seats and our smallest one hundred and twenty. I started after theatres, and the only kind of theatre I could get was the one that they thought was gone forever and no good for anything else. It was the best thing I could do, so I would take them and develop them until I finally got the theatres on such a high plane that they were not only looked up to but were patronized by the very best people.

BUILDING NEW ONES

Then I started to build theatres and tried to show the people the kind of theatres I thought we should have. The first one I built cost something like \$400,000, and we thought it was a palace. And it was for the period. But now see the improvement that has been made in theatres. When you go today and sit in luxury that was then undreamed of and see the most marvelous entertainment that it is possible to put on the screen or on the stage for the price of admission you pay, you can realize that a thing like that was never even thought of in the early days.

DEVELOPMENT OF BETTER VAUDEVILLE

We started with vaudeville and pictures and then went back in some places to the straight pictures, because we found that the class of vaudeville we were then playing did not appeal to the very highest type of people and we wanted all classes. So when we got to a neighborhood

where they wanted the very high type we gave them pictures only and left the vaudeville out. Where we found the masses attending the theatre we gave them vaudeville and pictures. Since then, however, vaudeville has developed to a great extent. In fact, we now give an entertainment that I never thought was possible at the price of admission. That is due to the type of theatre we have been able to develop, the large theatre.

GOING INTO PRODUCTION

Then came the time when we had so many theatres that we became frightened. We became frightened because of the fact that the producer, the man who makes the pictures, was buying theatres. We felt we would have to protect ourselves by having a producing company of our own, so we went out and bought Metro. And what it did to us at the beginning! We used to think that we made good pictures, but the public would not agree with us.

EXPANSION OF THE FOREIGN BUSINESS

I do not know what I might say further that would be of interest to you excepting this, that my son, who is in charge of our foreign department, has been responsible for a great expansion of the business abroad. I believe he opened something like seventy-five offices this year and in every case he sent over fraternity brothers to take charge of them. I want to say that they have been remarkably successful without having had any previous

experience, which is the most extraordinary thing that has ever happened in our business.

SUCCESS OF COLLEGE MEN ABROAD

That is why I am so much interested in this course. I feel that there is an opportunity in our business for college men, that they can help us to develop and that we can help them. I say that so that you will realize that there is an incentive on both sides. These boys made good over there because they took charge of offices that we had just opened. We were getting little or no money for the pictures, so that they could play along with them, so to speak, while they were learning the business. It was not causing any loss of previous business, because we did not have any previous business. The only way that you really can succeed is by experience. You have to have experience except, as I say, in rare cases like these, in which the new men opened up new places and there was nothing to lose. When I say they have made good, I mean that they learned much faster than the average boy would learn. It is really remarkable that they know as much as they do. I was going to say as much as I do, but that would not be fair to them. They have learned exceptionally well and they have made a remarkable success under the circumstances.

EXPERIENCE AND THE SHOWMAN'S INSTINCT

Although it is absolutely essential in conducting and operating theatres that you have experience, that alone

does not make for successful operation. You have to have the showman's instinct with it. That is something that is undefinable, something that I really cannot explain. It is something that comes to you if it is in you, and if it is not in you you will never succeed no matter how much experience you have had in that particular branch. Experience, however, will help you a good long way towards bringing out that something that otherwise, perhaps, you might never have known was there.

QUESTION PERIOD

Question. What do you consider the key cities?

Mr. Loew. Any city that has a large surrounding territory is a key city. Boston would take care of pretty nearly everything around New England. In the Middle West, where the population is scattered more, you have to get into some of the medium-sized cities. Lowell and Lynn are not essential here because Boston takes care of the surrounding territory. If they did not have a big city like Boston close by, the producers would need a first-run theatre in each of those places, and if they did not have it they would be hurt very much.

Question. Do you intend to show nothing but Metro pictures in your Loew theatres?

Mr. Loew. Oh, no.

Question. Do you think any producer or exhibitor can carry it to such an extent that he will show nothing but his own pictures?

Mr. Loew. In the first place, we do not make enough pictures to supply our own houses, but we make enough to have a backbone of a program so that nobody can come along and throttle us. There is very little chance of our playing all our own. We play the best of others and if we cannot get the best we will get along on our own.

The unfortunate part of making pictures is that you do not know when you start to make them whether they are going to be good or not. I do not mean that you cannot tell a very bad one. You can do that, but you cannot tell whether a picture is what you started out to make until the audience sees it. I am now talking of the very expensive pictures.

The "Big Parade" started out as a program picture. When the producing organization realized what they had, they called up New York and told about it and wanted to spend more money, and we told them to go ahead.

We never spend anything like the amount of money estimated when we start. I believe the "Big Parade" cost less than \$500,000 and it will undoubtedly gross more money than anything that has ever been made. That includes "Ben Hur," which cost \$8,000,000. When I say "Ben Hur" cost \$8,000,000, I mean that Metro paid \$4,000,000 to make the picture for a half interest in the thing, and that means it cost \$8,000,000. The authors of the story got the other \$4,000,000. It is a contract I do not want to claim credit for.

Question. Is a tie-up between the exhibitor and the

producer of value to the exhibitor for the reason that an independent exhibitor might be bidding for the films he wants, and to assure himself of keeping his theatre open he would either have to tie up with the producer or pay an exorbitant rental?

Mr. Loew. There is no question about that. As you have been told by other speakers, there is no fixed value on pictures. I have seen them jump a man from \$100 a picture to \$3,000 a picture without blinking an eye because another fellow was opening a theatre in the same town. That is the result of competition, and when it comes to that neither of them can live. That is one of the reasons why we have to have both ends. I am talking now of large-sized and middle-sized towns. It is not necessary for the exhibitors who operate in places of twenty-five to fifty thousand. They do not have to tie up. A producer is not likely to go into those towns.

Question. Does a strong vaudeville act tend to bolster up a weak picture?

Mr. Loew. A great big name will help bolster up what is lacking in the picture.

Question. Which carries the greater weight?

Mr. Loew. The picture, both as to entertainment and drawing power. We do spend a great deal more money these days for acts than we do for pictures. I suppose they will soon give way on that. Like everything else, somebody started it, and you have to keep on doing it. When you find your patrons do not care about it, you stop it.

Question. Do you think that the saturation point in moving picture and vaudeville entertainment has by any means been reached yet?

Mr. Loew. Just what do you mean by the saturation point?

Question. Assuming that people go to a theatre on an average of two times a week now, do you think five or ten years from now they will be going to the theatre three or four times a week?

Mr. Loew. Do you mean vaudeville and pictures or pictures alone?

Question. I mean vaudeville and pictures.

Mr. Loew. I would not want to say as to that because there is so much sameness to vaudeville that it has not the drawing capacity that the picture has. It is remarkable what a hold the pictures have. In our New York Theatre we have any number of people who come every day even when we do not change. When we run a picture two days I have seen them walk into the lobby, a dozen of them, and say, "Do we have to sit through that picture again?" as if there were no other place they could go to. The manager was telling me the other day that these regular patrons get so well acquainted with each other that if one of them is missing the others call him up to find out if he is sick.

Question. How do you choose pictures to buy?

Mr. Loew. We have men to select them.

Question. Do you see them beforehand?

Mr. Loew. About three-fourths of them we see before buying or else we buy them subject to screening.

Question. Do you go into the business of controlling theatres in Europe as well as in this country?

Mr. Loew. The theatres that we now have in Europe, with one or two exceptions, were turned in by people who have been associated with us in the exchange business. I do not feel that we are in the same position in Europe that we are here. Frankly, they are not very friendly, because America controls nine-tenths of the pictures and, as a result, has taken a lot of business away from foreign countries. I do not mean picture business. I mean commercial business. There is a strong anti-American feeling on account of it so far as pictures are concerned, and we do not want to do anything to cause that friction to grow. We keep away from it except where we go in to operate the theatres of those particular men who have been interested with us. European theatre owners even want us to manage their theatres, as they admit we do it better.

Question. Has the amount of foreign business decreased recently on account of the anti-American feeling?

Mr. Loew. It is hard for me to tell you that. The best statement I can give is that when I bought Metro our foreign department did a \$285,000 net business. My son went in the next year, and this year we will do about \$12,000,000 gross. It was coming so fast that there was no way of telling whether it has hurt or not.

Question. Does radio hurt your business any?

Mr. Loew. Not at all. The only time radio hurts is when there is a big fight on or some other occasion that makes everybody stay home and listen in. That particular night we are hurt.

Question. Is the vitaphone going to cut into the vaudeville business in the near future?

Mr. Loew. That is hard to say. I put that on a par with anything else that is new. You simply cannot tell. Personally, I do not think it is.

Question. What will they do with the vitaphone in developing those pictures for foreign countries? Will the actors be speaking English?

Mr. Loew. All I can say to you is that it is a mighty good thing some of the actors do not speak.

Question. Do you think experience is essential before attempting to operate a theatre in a small town, say of ten thousand inhabitants?

Mr. Loew. Not if they have no theatre there. It depends entirely on what the other fellow may be doing. If you think you can do as well as he is doing, all right. But that is not always the case. He has had experience. It may not have been much, but it is something, and he can always beat you to the exchanges and everything else, and it is not a wise thing to compete with him. The best thing is to try and buy in with the other fellow.

Question. I went to a number of movies lately and spent from a quarter of an hour to half an hour seeing a lot of words flashed on a screen while they tried to get

the people to sing. I have been wondering whether that was an advertising scheme on the part of the organ manufacturers or an attempt to provide entertainment.

Mr. Loew. It is like everything else. When that was first done, it was a novelty and everybody sang. The people got tired, and they are leaving it on too long. That is just careless. If the audience does not sing, then they do not want it. At the beginning it was quite a novelty. Of course, they injected a lot of comedy into it. There is nothing so unfunny as terrible comedy. I know it from experience. I have tried to pull some comedy, and it was not so funny.

Question. Will you explain to us how you could extend this huge chain of theatres?

Mr. Loew. In the beginning it was slow work, but at the time we started the profit was so enormous in proportion to the investment that we were able to extend without outside aid. When I started getting theatres, before starting to build, the most the landlord would expect from me would be \$2,500 to \$5,000 security. I used to make that in a month. Before we ever built a theatre we were opening a theatre every month, and sometimes two a month, of that kind.

When it comes to building theatres, that is another story. Then you require outside financing. I did not try to do that to any extent until we were listed on Wall Street and able to get the money that was necessary. That was a long time afterward, and I was not very keen about it at all. I thought we were going fast enough.

Thank the Lord, we went ahead, or somebody would have had our theatres by this time.

Question. Do you have two types of theatre, those which you call the Loew theatres and those which may not be classed as first-run theatres? Do you have more than one in a single city?

Mr. Loew. In most places we do not run anything but Loew theatres. We have cleaned out all of those theatres that I have been telling you about. There are not more than half a dozen left on the old chain. We have replaced them with large, modern theatres. We have a few theatres in which we do not use the name Loew because of the standard price associated with that name. In the Loew theatres we charge a certain price of admission. When the price goes higher than that—which is very seldom—we retain the old name, as in the case of the Capitol Theatre in New York, in which we have a half interest. I would not use the name Loew there because of their high price of admission. They have a fine entertainment, an enormous orchestra, ninety-odd pieces of music, the best pictures that money can buy, and marvelous surroundings. Before the tax came off, the price of admission was eighty-five cents. My regular price was fifty cents, so I did not want to use my name there because that was not my standard of price.

Practically across the street—I mean on the corner of Forty-fifth Street—we give a much more expensive entertainment. It costs us a great deal more for our entertainment—not to run the theatre—than it does at the Capitol, and we get only fifty cents. I do not want

to charge more than that. That is my price except in a few isolated locations where we give big presentations and get sixty-five cents. I do not even like that, but I cannot help myself.

Question. Do you think that the day of this very pretentious theatre, over and above what is necessary to present the finest talent in pictures, is limited?

Mr. Loew. No, I do not. It is like everything else. The gorgeous theatre is a luxury, and it is easy to become accustomed to luxury and hard to give it up after you become accustomed to it. If you are giving good shows and the fellow with the luxurious theatre is giving poor shows, you will get the business, but if you are giving a good show and he is giving a good show, he will get the business.

I remember the time they tried to talk me out of putting organs into our theatres. My men said it was a terrific expense. You know what it has meant to the theatre instead of the old piano. Now they have come to the cooling plant. It is remarkable what it costs to operate a cooling plant, but I would no sooner think of operating a theatre without a cooling plant than I would fly. It is as essential as the picture on the screen. In some cases it costs \$200,000 to install and \$600 or \$700 a week to maintain, but it is for the comfort of the patrons and that is the only thing that a successful exhibitor is looking for. If he does not, somebody else will.

Questioner. I had particular reference to all that space that is wasted in the building.

Mr. Loew. That is not a waste of space. That space was always there under the balcony and gallery, but it never was utilized until some architect came along and suggested putting sitting rooms there. Of course, there is a little more space taken now for various waiting rooms, smoking rooms, and things of that kind. In fact, the first theatre that ever had such a sitting room was the Orpheum Theatre here in Boston. We used to have brokers come in there and look at the stock ticker, and when they found they lost money they went out and asked for their money back.

XIII

REMINISCENCES AND OBSERVATIONS

WILLIAM FOX

President, Fox Film Corporation

MORE than twenty years ago I learned very promptly that I never could earn a livelihood as a speaker, so that the first chance I got some years afterward to go into a profession that did not require any talking but depended entirely on the camera, I took, knowing it was silent. I had really no other choice if I wanted three meals a day.

EARLY HOSTILITY TO THE PICTURES

The picture of today, as men in our organization see it, is not the picture of years ago. Today, the motion picture has a host of admirers. There are still many skeptics, still others who dislike it, and many who hate it, but twenty or twenty-five years ago the hatred was universal. During that period, to have expected to have Harvard agree to have someone meet with its students and tell them something about motion pictures would have been a sacrilege. It was a period when, if a boy was arrested for stealing, his attorney found the most convenient defense to be that he learned to commit this crime because he witnessed motion pictures. If a man

was arrested for wife-beating, his lawyer said that he had acquired the habit because he was a regular patron of a motion picture theatre. The newspapers throughout the country, without exception to the rule, were its biggest and staunchest enemies. Whether it was because it was good reading matter or because the populace had no liking for motion pictures or because they recognized the fact that the motion picture was some day destined to be of potential value, and perhaps in a competitive way, I do not know. At any event, the motion picture has since developed the news reel that from twenty to twenty-five million people a day read in the motion picture theatres. Whatever their motive, there had grown in the hearts of the newspaper publishers a bitter hatred for the motion picture, and that was something that had to be overcome.

APPEAL TO THE FOREIGN BORN

The motion picture when it started did not appeal to the native born. He had other forms of recreation and entertainment. The motion picture appealed mainly to the foreign born, who could not speak or understand our tongue, who had no theatre where he could hear his own tongue. He was a Pole, a Russian, a Slav or of some other foreign nationality. He wanted a diversion and found it in the motion picture. It was the money contributed by the foreign born towards the purchase of tickets that enabled the people in the motion picture business at that time to enlarge their scope until the industry

grew to such a size that it had a right to expect the respect of the populace of the world. People were skeptical of the motion picture as they were skeptical whether it was right to change from wood to steel in shipbuilding.

AN ATTEMPT AT MONOPOLY

The motion picture business went along on that line and against those odds for a number of years until one day some "wise" men in this country decided that the opportunity presented itself to monopolize the motion picture. In those days they had a perfect control of the business. They organized and called their company the Motion Picture Patents Company. No man was allowed to use a motion picture camera unless he received a license from that company. They regulated the wages paid in every branch of the industry. In their judgment, no man who wrote a story and gave his brains to create material for motion pictures was entitled to more than \$25 for the finest story that he could write. For those men who were known as directors of motion pictures they established a salary of \$50 a week. The highest salary they agreed to pay a performer was \$60 a week. They made up their minds that this was not an industry or art but that it was a mechanical occupation and that it required no brains. They controlled the majority of the theatres of the country. They had driven out of business, legally or illegally, every man who had started in this business ten years prior. They either bought him out or drove him out. There were one hundred and

twenty of those men, and one hundred and nineteen of them they had driven out or bought out. The only concern that refused to be driven out or bought out was one in which I had an interest, the Greater New York Film and Rental Company. We brought the matter to the attention of the Federal Government, and during the time that William Howard Taft was President and George W. Wickersham was Attorney-General they recognized the fact that a great thought was about to be stifled, that a great art was about to die. They saw that it could not be controlled or monopolized, that there ought to be a free field for every free thinking person, and they dissolved that trust and drove those men out of business. That opened the door to the world to enter the motion picture field.

HAPPY RESULTS OF FREE COMPETITION

That dissolution invited great brains to write for the screen. The price of the story is no longer measured by its length but by the greatness of it and, instead of \$25 for a story, as high as \$250,000 is being paid for the right to reproduce a great story in motion pictures. Instead of paying the men who direct motion pictures a uniform scale, the men who direct motion pictures earn all they are capable of earning, depending entirely on their ability, and their salaries range from \$100 a week to half a million dollars a year. Men in all walks of life have applied and asked to be of help and aid in the motion picture.

YOUNG MEN NEEDED

Today there are twenty-five million in this country who are vitally interested in motion pictures, and those who have something to do with the management of that business today have a problem on their hands. That problem can be solved only by the younger generation's taking an active part and being of help in further developing the business. The majority of the men who are in this business are thinking in exactly the same terms as they thought twenty years ago, and what the motion picture industry needs today more than anything else is not the thought of 1907 but the thought of 1927, and that can come only from young America.

THE AMERICAN PICTURE IN ENGLAND

The supremacy of motion pictures was not in America twelve or fifteen years ago. It was in England. Today it lies in America. Today, one of the greatest problems confronting England and the British Parliament, and a matter that is being discussed at every session, is how they can bring back the motion picture industry into England, not because of the profit they may earn from the motion pictures that are manufactured and distributed but because of the fact that they charge us with Americanizing the world. They say we have made the Englishman living in London think as we think here in America and they do not want him to think that way. They want him to think their way. They want him to think in the terms of an Englishman. They say that the motion pictures

we have presented there and have given to the world have brought us commerce and trade that ordinarily would belong to England. They have taken the motion picture more seriously than we have taken it here. Recently the House of Lords passed an act providing for the subsidizing of English motion picture companies for five or six million dollars or pounds in the hope that they can bring their trade back to England again.

EDUCATIONAL POSSIBILITIES

The motion picture has been used for only one purpose up to this time, and that is for entertainment and for spreading the news of the world in the news reel. That is not the only function it can perform and it is not the only function it will perform. I make the prediction that before the next generation, within twenty years, you will find that the schools of the world will teach not by books but by motion pictures. Mr. Arthur Brisbane, one of the great authorities of this country, has stated again and again that that which is taught to the human being through the eye is everlasting because it makes an indelible record on his brain, while that which is taught through the ear may or may not be remembered, that we distinctly remember everything we see but we do not remember everything we hear.

DIFFERENCE IN APPEAL IN DIFFERENT COUNTRIES

It is rather odd to find the difference in thought as it makes up the human emotions. One of the greatest

motion picture directors, the genius of this age, is a gentleman by the name of Dr. Murnau. He is a German who about two or three years ago made the greatest motion picture of all time, called "The Last Laugh." He conceived the idea that the motion picture must tell its story by picture and not by reading matter and he proceeded to make a motion picture that took two hours to unfold without a single word in titles. The only insert he had in his entire story was a copy of a letter one character had written to another. In other words, the story unfolded itself entirely with the camera. It was a huge success abroad and, although the greatest motion picture of all time, was one of the greatest failures here.

STORY OF "THE LAST LAUGH"

We tried to make a survey and find out why it was a great success in the balance of the world and a failure here and we came to this conclusion. For the benefit of those who have not seen the picture, the story of "The Last Laugh" was written about an old man who was a carriage attendant or door tender in front of a large hotel and wore one of those gorgeous uniforms with gold braid and gold buttons. In Europe, from the time a child is born or from the time he begins to observe, his dream is to be someone who may wear a uniform. The military uniform, of course, is his first thought, but if he cannot get that, he thinks that probably a letter carrier has the next greatest vocation, particularly in Germany where before the war the average citizen would

salute as he passed the letter box with the design of the crown on it. In Germany in particular, every person who wears a uniform, regardless of what his vocation is, considers that that is the greatest honor that can be bestowed on him. And this old man loved his uniform. When he became too old and too feeble to attend the carriages and open the door and lift the trunks off the cars as they pulled up to the hotel, the management decided to make him an attendant in the washroom.

That was the basis of the play and all of Germany wept with this man. Men and women went to see this picture, not once or twice or three times, but as many times as they could possibly spare the time to go and see it, so that they could have a chance to cry about this great character who had been demoted from a man attending a door at a hotel to a man in the washroom. The emotions were perfect for Europe. They were imperfect for America, and they were imperfect in this regard.

A man attending a door in front of a hotel in this country receives a salary, perhaps of \$25 a week; he gets very few tips and that is why the management pays him a salary. The ambition of his life is some day to save enough money to be able to buy the washroom privilege, to pay so many thousand dollars a year for the right to be an attendant in the washroom where he receives a tip every time you wash your hands. In this country we consider that the man going from door attendant to washroom attendant is promoted. Over there they regard him as demoted.

LARGE RESULTS FROM SMALL BEGINNINGS

It was kind of the gentleman who introduced me to tell you that I had just acquired the largest motion picture house in the world. The thrill to me in that is that when I first started, the amount of money that I had enabled me to buy at that time the smallest motion picture house in the world, and the thing that caused me to buy the largest was the fact that I once owned the very smallest. There were not any smaller than that. It had one hundred and forty-six chairs. The thing that thrilled me the other day was to see the thousands of people who stood in line waiting to go into this new modern Roxy. I distinctly recalled that twenty-four years ago, when I bought this hundred and forty-six seat theatre, the man who sold it to me told me I would do a fine business. He said, "Do not worry about the business—that is all set for you." So we finally opened the door, and not a soul would buy a ticket. I had the \$600 that I started with and finally ran it into a bank roll of \$1,600, and all of it was in this one thing. I saw beautiful visions of going back and asking for my job, in which the maximum salary I had ever earned before I went into business for myself was \$17 a week. I saw visions of again returning to that and leaving this thing that held out the world to me and I wondered what to do and why the thing was not doing business. I was satisfied that it was wonderful. The man who sold me the theatre showed me motion pictures in his little studio, and to me they were marvelous. True, the public had not seen them. There was only one motion picture theatre in

New York itself and there was no other motion picture theatre than this one in Brooklyn, and I could not quite understand how it was possible for anybody to be unwilling to pay a nickel to witness this entertainment. We called it a nickelette.

EFFORTS TO ATTRACT AUDIENCES

A man who had fed the lions and the tigers with Barnum and Bailey's show heard that I had made this purchase—he was out of a job, too—and said, "Any time we go in a town and the crowd will not come in, we have a ballyhoo in front of the door to attract the crowd." I said, "What would that cost?" He said, "It depends on what kind you want; I can get you a sword swallower for \$2 a night or a fire eater for \$3 a night or a coin manipulator for all that he can pick." I asked him to get one of each and to make sure that the other two would watch the coin manipulator. The sword swallower did swallow a sword. I do not know yet how he did it. I suppose it was one of those collapsible things. I thought it was going right through. Soon a crowd gathered, and then he said he would conclude his performance upstairs. It was two flights up, and the crowd followed him up. This seems strange told in 1927, but that was 1903. I remember distinctly, when in the first picture the wind blew through the leaves of the trees, hearing an old fellow say, "They can't fool me, goldern 'em; I know some one is shaking that screen." Can you imagine such a remark made anywhere today?

RAPID GROWTH OF AN IDEA

After enticing a dozen or more of these audiences a day into this little place, at the conclusion of a week or ten days the hundred and forty-six chairs were not enough to take care of the number of people who were willing to come. We needed no more ballyhoos. The coin manipulator lost his job. He had to go elsewhere. This little bit of a theatre into which I had put \$1,600 brought in, in five years, approximately \$250,000. In 1927, \$250,000 does not seem like a lot of money, but it was an awful lot in 1903. It was that little establishment that made it possible for me to build the organization we now have and it was that method that had to be employed to convince the people of this country ultimately that the motion picture was not just something that might run along but something that would prove worth while and something that the nation at large would accept.

AN INCIDENT

Just one thing more and then I am through. Often a person wonders what it was that gave the individual standing before him the greatest thrill of his life. Perhaps you would like to know what gave me my greatest thrill, and I should like to tell you. Some years ago I came home from a hard day's work, and Mrs. Fox said: "I met the most wonderful man I ever met in my life today, eighty-five years old, hair white as snow, straight as an arrow; he lives with two old people and has not a living relation in the world, neither wife nor

aunt nor uncle nor cousin nor son nor daughter nor grandchild. These two old people who are supported by their children living in Chicago have just been notified to go there to live and they cannot take this old man. Can you find a place for him in some home?" I went to an influential man in the lower end of the town and told him that Mrs. Fox would like to have this man placed in a home for the aged and infirm and I told him the story that she had told me. He came back a little later and said: "You never told me a lie before. Why did you tell me this man did not have any kin? You could have told me he had nineteen children and I would put him in this home for you." I told him that what I related with reference to this old man was what my wife had told me, and he said: "You are wrong about that. You have been misinformed. This man has four sons and two daughters, the oldest son being sixty years old and the youngest child, a daughter, forty years old." He told me that two of the children were very well to do, two were in medium circumstances, and two were poor, but that they could take care of this old man and he need not become a public charge.

I went home and you can imagine what I said to Mrs. Fox. She said no more about it, and two weeks elapsed. I came home and she told me this story. She had visited these six men and women, all of whom lived in New York, and she found early in her investigation that these six people did not know each other from a social standpoint. She became acquainted with these six men and women and extended them an invitation to dine at our

home on the same night. They arrived at intervals and finally dinner was announced and they were ushered from the various rooms into the dining room. Not one of them knew that the others had been invited. They sat down and when they had completed their dinner Mrs. Fox said: "My friends, you are probably wondering why I invited you here. The fact of the matter is that I have a problem to solve and only this family of six children can solve it for me." Then she told the story about this old man who apparently did not have any kin, but as the authorities were about to enter him in a home they discovered he had six children and now they were asking for a stipulation that, if they took this man into the home, none of these six children could ever call on him. One of them spoke up and said, "I know whom you mean; you are talking about our father." This happened nine years ago, and the old man died a year ago, but for eight years this old man lived in comfort. They rendered him the greatest honor that any family could pay its father.

BENEFICIAL EFFECT OF ONE PICTURE

The fact that a condition like that could exist reminded me of a poem I used to recite in school, "Over the Hills to the Poorhouse." We made a picture based on that, called "Over the Hill." Two years after that picture was in circulation we took a record of the various institutions for the old and infirm throughout the United States and we found that at the end of two years ap-

proximately 35% of the total inmates had been reclaimed and reestablished in homes by their relations as a result of that picture, "Over the Hill," which they had seen at the motion picture theatres.

That is the human side of the motion picture and that is probably the greatest thrill I will ever get: to know that I had restored those old men and women to their loved ones and reunited them.

QUESTION PERIOD

Question. Do you think that in the large motion picture theatres, like the one you have just bought, they will have a program exclusively of motion pictures, or will there be a tendency toward vaudeville acts and those special things that seem to harmonize with the pictures?

Mr. Fox. At the Roxy Theatre the motion picture is about one hour of the two-hour performance. The other hour is devoted to an overture by one hundred and ten of the finest musical artists, probably second only to that which would appear at Carnegie Hall. Then there is a ballet of fifty or seventy-five ballet dancers of the type you would see at the Metropolitan Opera House, and a male chorus of about sixty voices. The fourth is a spectacular number in which over two hundred people are on the stage at one time.

Roxy is the greatest genius we have in motion pictures from the standpoint of exhibiting, and it is that genius for entertainment that made him famous. If you ever get to New York and see the Roxy I know that you will

find the memory of that entertainment to be a lasting one.

Question. You rather look forward to the development of a distinctive art in this kind of a theatre, in which the motion pictures are a part?

Mr. Fox. In which the motion pictures are an important part. Although you have this stupendous program in addition to the motion picture, if the motion picture is not good, that part of the program is spoiled and the show cannot be considered a great success.

Question. Do you believe the so-called talking film is going to be very widely used in the future?

Mr. Fox. I was going to leave that subject for another gentleman who is coming here, Mr. Warner. I feel he will want to cover that subject. We have an instrument called the movietone, but Mr. Warner seems to be so set on his vitaphone that I would rather leave that subject to him.

As to whether it will be a factor, just imagine professors of this college coming to our studio and delivering lectures on subjects they have studied for years and that they hope to present to this body of students. We photograph the speaker and at the same time on the same celluloid we photograph his voice. That lecture can simultaneously be shown, not only in Harvard, but in all the universities of the world, so that the speaker's voice may be heard in a thousand classrooms at one time.

The movietone or the vitaphone or whatever talking apparatus the public will ultimately adopt will be one of the greatest factors for education that it is possible

to conceive. It will take maybe ten or twenty years before it will be recognized as a great educator.

Question. Does your organization make any extensive use of statistics?

Mr. Fox. We do.

Question. Have you found such statistics very valuable?

Mr. Fox. A man who tries to operate any large business today without having the proper statistics compiled for him and without knowing all the facts and having them before him is groping in the dark. His competitor who uses modern methods will forge ahead of him.

Question. How long did it take you to get \$250,000 out of that first theatre?

Mr. Fox. I said we made that amount during the first five years. It earned an average of \$50,000 a year.

Question. What was your next move?

Mr. Fox. Remember this one cost only \$1,600, so that every time we got \$1,600 more we opened another just like it. Under the law, the maximum number of chairs at that time was two hundred and ninety-nine. The minute you had more than two hundred and ninety-nine seats, you were obliged to build under certain fire regulations and you had to have a modern, fireproof building. We kept investing our money in these two hundred and ninety-nine seat theatres until one day they passed a law permitting us to seat six hundred people

in a building that was semi-fireproof. The day after that law was passed these theatres were obsolete and we could not use them any more. Later we built theatres seating a thousand or fifteen hundred people. Roxy has made obsolete a lot of the theatres even larger than the thousand and fifteen hundred types.

Question. In your opinion, will the producer eventually control all the large exhibiting houses in the country?

Mr. Fox. I hope not. I hope that will be left for private individuals. The minute they start doing that, they go back to the old trust idea that I helped break up. I shall devote my life to prohibiting any man or group of men from forming a monopoly that would tend to prevent the motion picture from growing to its full height. It never will reach its full height until in a nation like ours that has a population of 114,000,000 every man, woman, or child reads a newspaper, book, or magazine or, at least once a week, the motion picture screen.

Question. Are news pictures a popular branch of the business?

Mr. Fox. Yes; we call ours Fox News. For the first five years it lost approximately \$3,000,000 and after that it turned to black ink. Whether it has paid back what we originally lost I do not know.

Question. How long was it before you went into the production field?

Mr. Fox. I started as an exhibitor and distributor

of motion pictures and I was one of the licensees in this group of one hundred and twenty that I spoke of. They destroyed the hundred and nineteen and offered to destroy me. I did not begin to produce motion pictures until the Supreme Court of the United States said that was a vicious combine and must be dissolved. As soon as they dissolved, I entered into the making of motion pictures. That was about 1913. I think the dissolution order was some time in the latter part of 1912 or the early part of 1913. That was the case of the People against the Motion Picture Patent Company and General Film Company. Those who made up that combine were Lubin, of Philadelphia, Pathé, of Paris, Edison, of New York, Biograph, of New York, Spear and Anderson, of Chicago, Kleine, of Chicago, Millais, of Paris, and three others who have slipped my memory. There were ten all together.

Question. Where did you get your film to exhibit while you were fighting the trust?

Mr. Fox. The court enjoined them from withholding the proper supply of pictures to our theatres until the court could determine as to whether we were right or wrong. When that order ran out they were summoned to Washington and told that unless they immediately made an agreement with the government to continue to supply those pictures the attorney-general would cease letting them take any more testimony for the purpose of preparing their defence but would order them to trial immediately.

XIV

FUTURE DEVELOPMENTS

HARRY M. WARNER

President, Warner Brothers Pictures, Inc.

THE Vitaphone is, I presume, the thing that you all want to hear about, so I will step outside of formalities and try to give you a little outline of it. As a preliminary and a sort of parallel case, I would like to tell you about a picture we had in Newcastle, Pennsylvania, twenty-four years ago. When the theatre was all finished, we found we had no chairs. My brothers and I got together and tried to decide where we were going to get them. One said, "What's the matter with the undertaker?" So we went over and engaged ninety-six chairs from a neighboring undertaker. The consequence was that whenever there was a funeral we had to ask the audience to stand up. Picture that theatre with those ninety-six chairs and then picture the Roxy Theatre today, and you will have an idea of the development of the motion picture industry. When I first saw the vitaphone, I remembered that little theatre with ninety-six chairs.

A NEW IDEA

It may be this thought would never have come to my mind if my brother, who had been fooling around with

radio stations, had not wired me one day: "Go to the Western Electric Company and see what I consider the greatest thing in the world." After a while I went and heard it and wired him back, "I think you are right." Had he wired me to go up and hear a talking picture I would never have gone near it, because I had heard and seen talking pictures so much that I would not have walked across the street to look at one. But when I heard a twelve-piece orchestra on that screen at the Bell Telephone Laboratories, I could not believe my own ears. I walked in back of the screen to see if they did not have an orchestra there synchronizing with the picture. They all laughed at me. The whole affair was in a ten by twelve room. There were a lot of bulbs working and things I knew nothing about, but there was not any concealed orchestra.

MUSIC NEEDED FOR THE PICTURES

The thought occurred to me that if we quit the idea of a talking picture and brought about something the motion picture theatre of the present day really needs—music adapted to the picture—we could ultimately develop it to a point at which people would ask us for talking pictures. If I myself would not have gone across the street to see or hear a talking picture, I surely could not expect the public to do it. But Music! That is another story. An organ playing to a picture was the thing that I visualized. I stopped and thought a minute and said: "Here's a theatre that seats four or five thou-

sand people, runs a motion picture, which is the most important part of its business, and neglects the most important part of the picture, which is music. The manager plays his music as an overture and does not play it to the picture." Try this experiment some day. Take a motion picture, a silent one, and run it off. Then take the same picture and run it with an orchestra, and you will see the difference. That vision came to me. So I took it up with the head of the Western Electric Company and arrived at an understanding with him. I will give our arrangement as briefly as I can.

They were to agree to discontinue the use of the name "talking picture" and devote their time entirely to music. Then the question came up, What is the proper method of bringing this instrument before the public? Some members of our firm were for taking a little theatre, making up a few vaudeville numbers and asking the different exhibitors throughout the country to come in and hear it. That would be a long drawn out process, and the objection came up that we would be competing with the "short-reel" subject, which does not cost the theatre man much, and he might say, "Why should I throw out the short-reel subject and take on something new which I know so little about?"

THE FIRST DEMONSTRATION

So the battle was on and it lasted several weeks. I finally decided to do the thing on a liberal scale, because if it was worth doing at all it was worth doing well.

I said to my partners: "Let's get the greatest artists and the best orchestras in the country. Let's have confidence in this and put all our muscle behind it. We'll know the result after we have opened the first show." I banked on the ability of the Western Electric Company, with the thirty-five hundred people employed in the Bell laboratory, to take care of the proper working of the instrument itself. As long as the telephone company and its subsidiaries were lending their name to an instrument, it was up to them to make sure that it was right, because they had just as much at stake as we had. While we could go broke and they could not, nevertheless the stake was there for both of us.

So we put on a first-class show and opened it to the public. The critics lauded it as a great success. Everybody talked about it but everybody still continued saying that talking pictures were not a success. Still the show went on. Now, the question arose, "The show is open and everything is fine, but who is going to buy our machines?"

OVERCOMING VESTED INTERESTS AND HUMAN INERTIA

Here is the problem that we were confronted with and are confronted with yet. I do not want you to think for a minute that the victory has been won. New ideas do not penetrate the human mind as easily as that. They take more time. We have confidence in our idea and we have put our money in it, but it still furnishes us serious problems.

The main problem is this. The people in the amusement business have developed mammoth enterprises and they have built them along certain lines. Some give just motion pictures and some motion pictures and vaudeville and some vaudeville alone. Now they say: "We have built these institutions, and they are successful. Why should we discard any part of that which is successful to try something new?" After establishing the success of the invention, we found that we had that difficulty in front of us. I read in a magazine only yesterday that the Keith-Albee people have put a clause in their contract forbidding any actor that works for them to appear on the vitaphone. I have gone around to the heads of several companies and tried to persuade them to participate and become a part of our company, but as yet I must admit we have not succeeded.

SELLING THE MACHINES

We cannot take defeat so easily, so we set out to prove to them that we are right. Now, if you think right, you cannot do wrong. So we went out and convinced the first man that the vitaphone was a good thing, and he put in a machine. Then we opened more shows on Broadway. I will admit to you that it is not good business for a firm to open three shows on Broadway, but, to convince the theatre people that the vitaphone is all right, we opened number two and number three shows and showed them just what they were doing. We wanted to prove that there was a public that wished to see good pictures with

good music, that the vitaphone helped the picture by its orchestration, and, if so, they ought to put it in. Well, we convinced them one at a time, until today—the wire I had Saturday was one hundred and forty convinced theatre people. That is quite a lot, because when we made the contract we agreed only to install one hundred and sixty the first year.

If one hundred and forty theatres will have these machines installed by August first, why, of course, the machine will be able to speak for itself. After that it will not be necessary, I am positive, for us to worry about its success. The theatre man is no different from any other business man. When he sees the man around the corner doing well, he wants the same thing and he wants it on the same terms.

PROSPECTS OF SUCCESS

Now for the benefits. We must always try to visualize these, because that which is visualized is that which we can do. And visualization of the final result helps us over the discouraging moments. I was very sorry a couple of weeks ago to read the headlines of a New York newspaper, which said that Edison called the talking pictures a failure. You know it is not so comfortable to have your life's wealth invested in a thing which such a great authority as Edison says cannot succeed. I wrote an answer and pointed out that they may have been a failure fifteen years ago but if Edison himself looked at his own bulb of that period and compared it with the

bulb of today he would not know it. We have parts in our vitaphone today which even he did not know about fifteen years ago.

Young men like you must never get discouraged when others say that some enterprise in which you are interested will not be a success. You must be satisfied in your own mind, as I was about the vitaphone when I saw that it would bring to the small hamlet and the small theatre the same performance that the big theatre has. There is no reason why an instrument of this kind cannot bring into a town of ten thousand with a theatre of eight hundred seats the same show that is being performed in a theatre of five thousand seats in a big city.

But the introduction of a novelty like that takes time, and just how it is going to be done I cannot yet say. There are a great many problems to solve in the distributing end of the vitaphone. You have to deal with the big theatre and you have to deal with the small one. The problems are many and different, but I am sure we will ultimately overcome them all, particularly as we have the assistance of the Western Electric Company, whose name the machine carries.

OTHER NEW DEVELOPMENTS

There are other new inventions, or new methods, that are required in the picture business. Let me tell you about one. About three years ago I saw them making pictures with a carbon light. A set the size of this room would take possibly forty or fifty electricians to light

it. I asked why they could not get a bulb that would do the work. Everybody said it could not be done. Last Saturday we finished our first picture with an incandescent lamp doing the work. Now, that is quite a step forward in the motion picture business. Suppose you had to light up an enormous street scene and you had to have two or three hundred electricians. Instead of that, you can do it with buttons at one desk. I saw some of the reels of the first picture, and the lighting is better than with carbon because it is softer. You cannot get as soft a light with carbon as you can get with the regular bulb. You can divide your light better and when you work with the carbon you have to work with more powerful electricity. There you have an important technical advance in the making of motion pictures.

Then there are some things that will not work. For example, a man came into the business some years ago and created a system of new developments in motion pictures. His system was this. He wrote a series of form letters so that if you approached a man in a town of nine thousand inhabitants you talked to him this way, and if you approached a man in a town of forty thousand, you should talk to him that way. If a lady happened to be running the business, use Letter 19; if it's a man, use Letter 42. Well, he stayed in the business about two years, and the company he was with had an awful hard time. You cannot sit down and write a firm about how business should be run on an abstract theory or with a preconceived general idea. You have to analyze the particular thing which you are trying to put across.

SUITABLE MATERIAL FOR THE VITAPHONE

The big job before us is to provide the proper kind of entertainment through the vitaphone. We are confident people will go to hear the vitaphone but we know the proper kind of entertainment must be supplied, if it is going to be a great success.

This coming year we are to make three pictures in which the vitaphone will play an important part. For instance, in the making of a scene in which a stage forms part of the view and the actors are seen playing, we intend to bring out the actors' singing and the actual performance of each person on the stage. Our first picture embodying that feature will be "The Jazz Singer," with Al Jolson. Then we are going to perform a wedding ceremony. As you see it today, a wedding ceremony performed on the screen takes place in complete silence. Nobody knows what the priest or the preacher or the rabbi has said. We will actually perform a wedding ceremony and try to make it as real as life. In talking to a big man in the business not long ago, who tried to make a deal for some vitaphone machines, I told him exactly what I am telling you. He said, "I did not think you could do that with it; I thought you could just play short numbers."

MUSIC SWELLS THE RECEIPTS

Here is another point to consider. Take a theatre that does \$30,000 worth of business this week. The owner has a big orchestra and a big prologue, and it is

very expensive. He thinks he sees where he can save money. Next week he gives the same kind of a show with a new picture but no music and he does only \$18,000 worth of business. What made the difference? Evidently it was the music. Did he save anything? That is just the question.

BUT ORCHESTRAS ARE EXPENSIVE

In my twenty-four years' experience it is the picture that counts, and you have to do everything possible to help the picture. Now, if an orchestra will help the picture, that is the thing that you should have, but unfortunately you cannot afford to play an orchestra with a picture five times a day. Here is an argument I had with one theatre. The Strand Theatre in New York got a little nervous because the Roxy Theatre put in a vitaphone. "Well," I said, "you should put in a vitaphone, too. You give six shows a day, but your orchestra plays only one and a half shows. In other words, when customers go into your house, they see one and a half complete shows. Now let your orchestra come in six times a day and play their overture and let the vitaphone do the rest. You will not be eliminating your orchestra and you will give six perfect shows a day." I added this: "Why should a person who pays the same money and sits in your theatre from five to seven not see as good a show as a person sitting there from seven to nine? As it is, they do not. That hurts your business. But if you can run six perfect shows a

day, you will not need to worry about Roxy or anybody else." My argument convinced that manager. They are putting in a vitaphone and opening up with it the twenty-third of April.

CONSERVATISM OF THE TRADE

For a while, at least, that is the way the thing has to work. Machines will have to be sold one at a time. The reason new developments are so hard to put over, no matter how good they are, is because of the inborn cowardice of average human beings. They are afraid to change their accustomed ways. They say, "Why, our theatre is making money as it is." They do not want to take a chance. They do not want to advance.

Let us take an example. Take the people in the vaudeville business. What did they say of motion pictures when those were a novelty? They laughed at them. "Why, we've nothing to worry about." And the people on the legitimate stage, what did they say? "Motion pictures will never take the place of legitimate acting." But they waited too long. The picture today has certainly taken the place of vaudeville. While both are used in combination, it is the picture that brings in the business. So I only hope the men who are waiting do not wait too long with the vitaphone. I am trying to persuade them to hurry a little, trying to convey to them my own enthusiasm and my own confidence. I will make a combination. I will take the smaller share. I will do everything within reason to convince the people in our profession that the vitaphone is here to stay.

QUESTION PERIOD

Mr. Kennedy. Mr. Warner, I have been handed several questions which I think those that are here would like to have you answer.

Mr. Warner. I shall be very glad to.

Mr. Kennedy. Do you lease or sell the vitaphone?

Mr. Warner. I said that was a problem that we are confronted with. At this particular time this is what we do. We take the cost of the machine and we lease it on that basis to the man who runs the theatre. If he does not want to pay cash, he pays in installments extending over twelve months; possibly twenty-five per cent cash and the balance divided over twelve months. Then we charge him a tax of 10 cents a seat a week. If the theatre has two thousand seats, he pays us \$200 a week for forty weeks in the year, figuring that he may close his theatre twelve weeks in the summer time. That does not mean that that is the way it is ultimately going to be done, because I personally believe that the man who has a small theatre in a small town will not be able to pay that much money. If he has nine hundred seats and we charge him \$90 a week in addition to the price of the machine, I think ultimately the burden will prove too heavy, and we shall have to modify our policy to meet the requirements of the situation.

Mr. Kennedy. What approximately does it cost to install?

Mr. Warner. We have got it down to the cheapest figure. In a theatre of nine hundred or one thousand seats, it costs \$16,000; in the next size, the theatre of

about fifteen hundred seats, \$18,000; in the larger theatres, \$22,000; in a theatre like the Roxy, \$25,000. That is the actual cost to us.

Mr. Kennedy. Describe how it was first introduced.

Mr. Warner. When we got this vitaphone first, we decided to do it on a large scale. We were at that time starting to make pictures with John Barrymore, and the first picture we made on a large scale, much larger than we intended, was "Don Juan" with John Barrymore.

Mr. Kennedy. What music did you use?

Mr. Warner. The New York Philharmonic Orchestra, with a special score written for it—one hundred and seven men. We have since found out that eighty men sound better because, if you crowd too many musicians into a small room, naturally you get a very large volume of tone. We have also tried sixty-five men and found the effect is a little better still, but we are not going below eighty at this particular time.

Mr. Kennedy. Describe how your method differs from the Fox method, the other so-called 'talking picture.'

Mr. Warner. In the Fox method you take both picture and music on a film instead of taking the picture on a film and the music on a record and running both off so that they correspond exactly. When we first started, this was the way the mechanical end operated. A camera and a vitaphone instrument were placed in one little sound-proof room. They were connected with a rod and cog wheels on each side and both worked automatically. But the grind of these two wheels was heard in the audience. After we got the picture people

in it, they developed it so that the camera could work on one floor and the recording man on another. We now have them six stories apart, and in the building we have bought in New York, where all our work will be done, known as the Cosmopolitan Studios, we shall be able to operate still farther away.

The time is not far distant when you will be able to see and hear the inauguration of the next President. His address to the American people will be spread everywhere through the theatres on the vitaphone perfectly because by that time we shall be able to record in New York the address delivered in Washington.

We have developed our machine with an extra attachment that costs less than a thousand dollars, which enables us to use also the Fox movietone method. So that a theatre putting in a vitaphone can use either the method now used by us or the one on the film. Remember that the other system does all the work by a ray of light that penetrates and marks the film. I heard a demonstration not long ago, and it is very good. In order to protect ourselves in the future, we obtained all the rights and interest in the movietone method. The arrangement was a mutual one. Mr. Fox also has the right to manufacture his own numbers and his own pictures to be run on our machine. We gave him the right to manufacture either way, so that he can manufacture pictures by installing our apparatus or continue the way he is doing at the present time.

Question from the audience. What is the attitude of the organ manufacturers?

Mr. Warner. It is very hard to prophesy just what the vitaphone is going to eliminate ultimately. It is true that, if machines once become established in enough theatres and there are enough pictures synchronized to run those machines, there will be no need of organs, but I think that will not happen until a long time from today. Here is a town, let us say, of thirty thousand inhabitants, and there are five theatres. Each of these theatres possibly changes three times a week. That would be a fair average for a town of that size. That makes fifteen different and distinct shows in one small town. You can see that it is going to be a long time before there are enough pictures synchronized to eliminate the organ.

Question. Do you propose to sell the vitaphone at cost or less than cost and make the money from the use of it, or do you propose to make the profit on the sale of the vitaphone?

Mr. Warner. There are several things to consider there. If there is a competitive machine, that may influence our policy. As yet, I do not know of any effective competition. There are a great many machines being demonstrated, but one thing is lacking and that is amplification. There is only one company that has the telephone, and telephone amplification is that which is used with the vitaphone. I think ultimately the seat tax will be changed, but it is a little bit too new to say just how.

You do not mind if I get away from the question a little bit. What I am going to tell you has a bearing

on the general subject. I went once to a certain theatre man who thought the vitaphone was too expensive and asked him, "How much money have you made in the last six weeks? Let's see your books." He had made somewhere around \$1,500 in six weeks. Then I said, "If I can put a vitaphone in that will cost you \$18,000 and give you a picture to play that can pay for the machine in one run, what do you care about the cost?" We made a deal with him on that basis. The division was fifty-fifty. We got \$54,000 for our picture and he got \$54,000 in six weeks.

There was another man who had a theatre. Ordinarily he could not pay us much. If we got \$2,500 for a picture, that was high for him. He gave us \$34,000 for our vitaphone picture on a fifty-fifty basis. So it is very hard to tell just how the income from this thing is going to be divided. You might take another picture and not do so well with it. We have not had enough time to go into all these things, and there is no set rule, except this—the man pays for the machine. Do not forget that we are doing this single-handed today. We are doing it with our own money because we believe in it. We honestly believe the vitaphone is going to do more good for humanity than anything else ever invented.

We all know that if you and I can talk to one another, we can understand one another. If Lincoln's Gettysburg Address could be repeated all over the world, maybe the world at large would understand what America stands for. We think that people read and know a lot of things, but when we get out into the world and see the

masses of people and find out how many are working so hard to earn a living that they have not time to read, then we realize how much remains to be done in the way of bringing knowledge to them.

If we have a message of friendship or enlightenment that can be broadcast throughout the world, maybe the nations will be led to understand one another better. The vitaphone can do all that. There is a limited number of people who can go to the opera and pay seven or eight dollars to hear the great operatic artists of the world, but there are millions who cannot. Some of them want to hear good music, and the vitaphone makes that possible. These are the benefits and potentialities of this invention that honestly and sincerely make us fight on for it. If the issue was just money alone, I give you my word as a man that with the money I have put into the vitaphone already all four Warner brothers could live the rest of their lives without worrying.

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APPENDIX A

THE LECTURERS

JOSEPH P. KENNEDY

March 14*

Joseph P. Kennedy is one of the very few college men holding executive positions in the film industry. Born in Boston, September 16, 1888, he was educated at the Boston Latin School and took his Harvard degree in 1912. While at college he played on the varsity baseball team. After graduating he worked for a while in the state bank examiner's office, where he studied finance to such good purpose that at the age of twenty-five he was elected president of the Columbia Trust Company. He was at that time the youngest bank president in the country, as he is now probably the youngest head of a company producing motion pictures. In 1918, during the height of the shipbuilding campaign that followed America's entry into the world war, he became assistant general manager of the Fore River plant of the Bethlehem Ship Building Corporation. Later he was affiliated, as a manager, with Hayden, Stone and Company, bankers.

In January, 1926, he bought the Film Booking Offices of America, a distributing and producing organization.

*The dates under the lecturers' names are those on which their lectures were delivered.

with extensive foreign connections. He is president of the company and chairman of the board of directors. Under his leadership it has advanced rapidly and now occupies a strong position in both the producing and the distributing departments of the industry.

WILL H. HAYS

March 15

The best known, the most picturesque, and the most many-sided figure in the business department of the industry is Will H. Hays. Born in 1879 in Sullivan, Indiana, he took his degree at Wabash College in 1900 and immediately entered his father's law firm, established some sixty years ago. He has been active in college affairs, in business, in religious enterprises, and in local, state, and national politics.

For six years he was national president of Phi Delta Theta. He is a director of the Chicago and Eastern Illinois Railroad Company, and his firm acts as attorneys for many large corporations. He is an elder in the Presbyterian Church and chairman of the Presbyterian Laymen's Committee that has just raised a fund of \$15,000,000 to establish pensions for ministers and missionaries. He has also been active in Red Cross and Near East Relief work and in National Air Transport. He was chairman of the Republican National Committee that directed the Harding campaign and was appointed by President Harding postmaster-general in 1921. After a year of successful service at Washington he was drafted

into the motion picture industry as president of the newly formed association of Motion Picture Producers and Distributors of America. His achievement in building up good will for the industry has already been set forth in this volume. Last year he was offered and accepted a contract extending his work for ten years more.

JESSE L. LASKY

March 17

Jesse L. Lasky is a native of San Francisco, forty-seven years old, and a graduate of the high school in that city. He served a brief apprenticeship as reporter on a San Francisco paper; joined the gold rush to Nome, Alaska; studied music and conducted a band in Honolulu; and on his return to the United States became a vaudeville producer, presenting musical acts in conjunction with B. A. Rolfe. With Henry B. Harris in 1911 he built and operated the Folies Bergères, New York.

In 1914 he organized the Jesse L. Lasky Feature Play Company in association with Samuel Goldwyn and Cecil B. de Mille, both leading figures in the motion picture world. This company presented screen versions of several of the best known Belasco dramas, including "The Girl of the Golden West," and other photoplays of superior quality. Among the stars who appeared under the direction of Mr. Lasky were Edward Abeles, Dustin Farnum, Robert Edeson, Edith Taliaferro, Edith Wynne Mattheson, Donald Brian, Edmund Breese, Laura Hope Crews, Ina Claire, Geraldine Farrar, and many more.

When the Famous Players Film Company, Mr. Zukor's organization, and the Jesse L. Lasky Feature Play Company were combined in July, 1916, Mr. Lasky was made first vice-president and he has held the position ever since. From the outset he has been in complete charge of the production department, dividing his time between the Lasky studio at Hollywood and the home office in New York. His position today as the leading all around authority on motion picture production is unchallenged.

ADOLPH ZUKOR

March 19

Mr. Zukor outlines his own story in his lecture and Mr. Kennedy furnishes some additional details. He was born in Hungary in 1873, came here at fifteen, and four years later conducted a fur business of his own in Chicago. His early association with Marcus Loew proved the turning point in his career and opened a new chapter in the development of motion pictures. In simple language but with crystal clearness, Mr. Zukor sets forth the steps of his progress, from the first experiments with famous players, like Bernhardt, Hackett, and O'Neill, through the stages of tentative organization in the three great branches, to the final complete integration of the industry in one great unit of ownership. The reader will not fail to notice dramatic episodes in his narrative, such as the bold purchase of two theatres on Broadway to furnish a necessary outlet for the products of his company and the successful application for a loan of \$10,-

ooo,ooo from Otto Kahn, the first recognition of the industry on any large scale by the world of high finance.

Mr. Zukor is still president of the Paramount-Famous-Lasky Corporation, which has assets of \$145,000,000, thousands of permanent employees, enormous studios in Los Angeles, and a sales organization extending throughout the entire world. Essentially, his success is due to faith in an idea, his conception of the need of longer and better picture plays, emphasizing human and dramatic elements. This idea, as he tells us, met at first with the ridicule which so often greets advanced ideas, but he has lived to see it so completely triumphant that screen patrons today can only wonder why it should ever have been questioned.

SIDNEY R. KENT

March 22

Sidney R. Kent is only forty-one years old, yet for six years he has been general manager in charge of distribution for the largest motion picture company in the world and for five years a member of the board of directors. He began with a modest position in the central office but at the end of eight months had risen to a salary of \$250 a week. He next served as special representative to exchanges, then as district manager for a middle western territory. In this capacity he so distinguished himself that he was called to the home office and appointed general sales manager. Two years later he received his latest promotion. His rise to a position second to very few in the whole industry in real im-

portance and responsibility has been due solely to his singular ability and personal merit.

Mr. Kent comes from Lincoln, Nebraska. He went to work at fourteen and has known hard labor of the kind that tempers and anneals the right kind of native metal. He did night work as an assistant fireman in Lincoln and stevedoring in Milwaukee. Before he was twenty he held a responsible position in Wyoming with the Colorado Fuel and Iron Company. At twenty-one he was a salesman for the American Druggists' Syndicate. In a short time he became assistant to the president and for three and a half years had virtual charge of the entire business. After a short experience with the Vitagraph Company he assisted Frank Hitchcock in unraveling the tangle of the General Film Company, which had been indicted under the Sherman Act. He had now become deeply interested in motion pictures and offered his services, on trial, to Mr. Zukor, with whom he has been associated for the past ten years.

ROBERT H. COCHRANE

March 24

Like so many of these successful men, Robert H. Cochrane is the product of a training which almost providentially prepared him for the particular place he was to occupy in the industry. There is less of accident in their rise to power than some may suppose. Fitness, alighting on opportunity and armed with the determination to seize it, seems to be the real talisman in most

cases. Mr. Cochrane was originally an editor and an advertising man. He came into the motion picture industry at a time when it needed someone with such a twofold experience, and a gift of imaginative insight beside, to guide it in its relations with the recreation-seeking public.

Born in Wheeling, West Virginia, Mr. Cochrane moved with his family at an early age to Toledo, Ohio, where he graduated from the high school and went to work on the *Toledo Bee*. Here he soon rose to the position of city editor. In 1904 he went to Chicago and joined his two brothers in the Cochrane Advertising Agency. Business relations brought him into contact with Carl Laemmle, then manager of the Continental Clothing Company, in Oshkosh, Wisconsin. Both men ventured into the motion picture business, Mr. Cochrane specializing in the advertising department. In 1913 he became an active member of the Universal Pictures Corporation, of which he has been vice-president for many years.

He is the father of picture advertising, as applied to motion pictures, and has originated many ideas for the exploitation of screen plays which are now common property in the industry. His newspaper training and advertising agency experience have sharpened his natural ability to gauge quickly and accurately the most effective means of catching the attention of the public. As every new photoplay presents a fresh problem to the advertising staff, he still finds ample opportunity for the exercise of his powers of invention and his resourceful ingenuity.

ATTILIO H. GIANNINI, M. D.

March 26

A native of California, fifty-three years old, Dr. Giannini is a member of the powerful banking family which is responsible for the extraordinary success of the Bank of Italy in that state. He graduated from the University of California in 1894 and took his medical degree two years later. He served as a surgeon in the Spanish-American War but no longer practices his profession. Coming east in 1919, he assumed the presidency of the Bowery and East River National Bank, of New York.

While his interest in the motion picture industry is only incidental to his activities as a banker, Dr. Giannini has been more influential, perhaps, than any other individual in placing this industry on a sound financial basis. Its present prosperity fully justifies his good judgment and his confidence in the men who were to become its leaders. It is only natural that he should enjoy their unlimited esteem.

WILLIAM FOX

March 29

William Fox was born in Hungary in 1879, came to the United States in his infancy, and was educated in the public schools of New York City. He was owner of a prosperous business on the lower East Side when the possibilities of the penny arcades attracted him. Successful with these, he broadened the field of his operations by the lease of two New York theatres. Later he

formed a film distributing company, which branched out into more than a score of cities, and finally took up the business of production, aiming at a higher type of picture than it was then possible to obtain. His studios at this period of his career were located in New Jersey.

In 1916 the William Fox studios in Hollywood were added to his rapidly growing facilities. The Fox Film Company was now prepared to produce photoplays on a scale equal to that of any other organization. The plant has since been greatly expanded by the purchase of adjoining parcels of land and the erection of new buildings.

In 1919 the William Fox building on Tenth Avenue, New York City, was begun. This great structure, which has dressing rooms for a thousand players, was constructed to house the eastern studios, an immense laboratory, and the administration offices.

William Fox is the presiding genius of two great corporations, the Fox Film Corporation, a producing and distributing company with assets of \$25,000,000 and more than a hundred branches in various parts of the world, and the Fox Theatres Corporation, which began its corporate existence about a year ago with assets of \$20,000,000. The recent purchase of Roxy's Theatre in New York for \$15,000,000 was a characteristic step, revealing the courage and enterprise of the man.

MARCUS LOEW

March 30

Marcus Loew was head of amusement enterprises which control more than three hundred theatres and president of the Metro-Goldwyn Pictures Corporation, one of the three largest producing and distributing companies. Like so many other magnates in this industry, he inherited very little capital except character and capacity.

Born in New York City and a newsboy at seven years of age, he tried his hand as a dry goods clerk, a newspaper publisher, a salesman, and a merchant. Twice he failed in business but each time established more firmly his reputation for integrity by paying all his debts. While still in his early twenties he succeeded at last as partner in a golf cape jobbing house. In 1904 he invested in penny arcades and after a short period of astonishing success entered the moving picture business in Cincinnati. Within six months he was the proprietor of more than forty store shows in New York City.

His specialty was the combination of vaudeville and pictures and he managed to make each branch contribute to the prosperity of the other. His successive investments in Metro Pictures and the Goldwyn Company and the final merger with Louis B. Mayer resulted in the creation of the great producing organization which screened "The Big Parade," "The Merry Widow," and "Ben Hur."

In 1926 Mr. Loew was awarded the medal of the French Legion of Honor in recognition of his work in improving the quality of French amusement enterprises.

This was the first time an American theatrical executive had received this coveted award.*

HARRY M. WARNER

March 30

Harry M. Warner is one of four brothers brought to Baltimore from Poland by their father in 1885. Ten years later the family moved to Youngstown, Ohio, where the sons recently joined with their parents in a celebration of their golden wedding anniversary.

The first business in which Harry M. Warner engaged was a bicycle repair shop in Youngstown. By gradual steps the brothers worked their way into the film exhibiting and distributing industry. One serious reverse only nerved them to more determined effort. With their successful establishment as producers, culminating in the creation of vast studios in Hollywood, their position was assured. The Warner Brothers Picture Corporation, of which Harry M. Warner is president, is known throughout the world.

Through his interest in the vitaphone Mr. Warner has achieved a new distinction. This instrument, the invention of electricians and scientists in the employ of the Western Electric Company and the Bell Telephone Laboratories, was brought to his attention and he resolved to place the resources of his company behind it. Elaborate experiments were conducted at his company's Brooklyn studio and in the Manhattan Opera House

*Mr. Loew died September 5, 1927. See page 356.

before the first public demonstration was made at the Warner Theatre in New York on August 6, 1926. The play produced was "Don Juan" with John Barrymore in the title part. It was still running to capacity houses at the date of Mr. Warner's lecture. It also had very long runs in Chicago, Los Angeles, Boston, Detroit, and St. Louis and exceptional runs in smaller cities, like Newark and Bridgeport. Several other vitaphone plays have had similar success, and the instrument has been installed in theatres of varying sizes throughout the country.

SAMUEL KATZ

April 2

Two or three sentences from a recent interview with this youngest of the lecturers go far to explain his rapid rise to power and fortune. "I determined then and there," he said to the interviewer, "that I would get out of my environment. It became my one motivating force." The last words of the interview were not less significant—"The real thrill comes in doing it all oneself." If Mr. Katz has not literally done it all himself—he pays tribute elsewhere to the encouragement received from an excellent father—success with him has certainly not been a windfall.

The "environment" to which he refers was a dreary tenement district in Chicago to which his parents had moved from Russia when the boy was three months old. He was only nine when he formed the brave resolution to lift himself, and incidentally his family, out of their

unfortunate surroundings. At twelve he was a messenger boy, receiving two dollars a week; a little later a telephone switchboard repairer; later still a pianist in a small moving picture theatre. Soon he became a manager, bought out the proprietor, added two other theatres, and was well launched on his career.

In the meantime, he did not neglect his education but graduated from high school and began the study of law at Northwestern University. Not long afterwards he formed a partnership with Barney Balaban, which resulted finally in the building of the Central Park Theatre, the first large motion picture house in Chicago, the Riviera, and other fine places of amusement. By building or buying in various cities a chain was formed which now includes over seven hundred houses. The story of the amalgamation of this great circuit, known as the Publix Theatres Corporation, with the Famous Players-Lasky Company is told by Mr. Zukor at the end of his lecture.

Mr. Katz specializes in theatre service and in entertainment features of the highest class, used as an adjunct to motion pictures. He has in hand plans for a million-dollar studio-theatre, which will contain a special auditorium, a picture projection theatre, a music library, an orchestra rehearsal room, six other rehearsal rooms, and accommodations for ballet features. With his youthful energy, his poise, and his fund of fresh ideas he seems likely to raise the standards of theatre management, a work not less important in its practical results than the improvements which others have made in the quality of motion pictures or in the methods of distributing them.

CECIL B. DE MILLE

April 26

Cecil B. de Mille is the first among this group of lecturers to have entered the motion picture world from the regular stage. His interest in the drama might almost be said to be hereditary, as he comes of a distinguished theatrical family. His father, Henry C. de Mille, a professor in Columbia University, was for many years a partner of David Belasco; his mother served as head of a famous theatrical agency; and his elder brother, William C. de Mille, is the author of several successful plays.

Cecil B. de Mille, after service in the Spanish-American war, received a careful training in the Sargent School of Dramatic Art, in which his father was an instructor. Once more, as in the case of so many others, a thorough apprenticeship preceded the rise to mastership in his particular department. For seven years he appeared as actor and leading man on the New York stage and elsewhere and even organized an opera company which toured the country. His upbringing in a theatrical atmosphere, his personal contact with the stage, and his keen intelligence, combined, had already won him recognition as one of the expert technicians of the American drama.

In 1913 he joined forces with Jesse L. Lasky in a movement for the production of more elaborate and artistic photoplays. Since then he has directed some of the most magnificent picture plays ever exhibited, including "The Ten Commandments" and "The King of Kings." Among the players advanced through his efforts have been stars

like Thomas Meighan, Gloria Swanson, and many others. The list of his contributions to the technique of photoplay construction is impressive. It includes the adoption of improved methods of lighting and the building of solid sets to replace the painted drops formerly employed; development of the close-up and of fascinating color effects; selective study and strict training of the performers, resulting in the creation of a school of artistic screen actors; and in general, a constant and imperative demand for that which is superlatively excellent in stories, settings, costumes, camera effects, and impersonations. On all these subjects Cecil B. de Mille is an authority. As a practical director he is probably unrivaled.

It has recently been announced that Mr. de Mille will be the producing executive of a newly formed company which will include the Universal, Keith-Albee, Orpheum, and Pathé Companies and the Producers Distributing Corporation, hitherto his producing and distributing unit.

EARLE W. HAMMONS

April 27

The career of Earle W. Hammons resembles that of most of the men who have risen to prominence in executive positions in the film industry in that he entered business life young and had had a varied experience at an age at which the average college man is just graduating. Born in Winona, Mississippi, in 1882, he was educated in Fort Smith, Arkansas, Dallas, Texas, and New York City. At twenty he was secretary to the customs agent

of the Mexican National Railways at Nuevo Laredo, Mexico. Two years later he held a similar position in the New York fire department. For several years he was with Marshall, Spader and Company, brokers, in New York. Then he entered the real estate business, serving as manager of the Woodmere Realty Company. In 1910 he went with the United States and Mexican Trust Company as manager of its real estate department. In this capacity he organized several building companies, one of his outstanding achievements being the development of Howard Beach on Jamaica Bay.

After a brief period of experimentation with educational films, he began to specialize in short comedy and novelty pictures through a national distributing organization. Failing to receive financial backing in New York, he went to England and succeeded in interesting officials of the Hudson's Bay Company in his plans. With their support he established a national system of Educational Film Exchanges, with thirty-six branches in the United States and Canada. Mr. Hammons, who is president of the company, still hopes to carry out his original plan of developing the educational or non-theatrical film as a special and highly important branch of the industry.

MILTON SILLS

April 28

Milton Sills is a man of such versatile talents and accomplishments that it is easy to conceive of him as winning distinction in many fields. The regular stage

lured him from a promising career as a professor of psychology; the screen borrowed him from the stage; and he is perfectly at home on the lecture platform, discussing the art of the motion pictures, literature, and religion.

He is a native of Chicago, forty-five years old, and a graduate of Chicago University. After a term of post-graduate study as fellow in philosophy, he decided to forego his doctor's degree and turn to the stage. His first appearance was in Ibsen's "Rosmersholm." Before coming to New York he had played Shakespearean rôles and had been a member of a stock company in New Orleans. He took a leading part in Clyde Fitch's "A Happy Marriage," and during his stage career played a variety of important rôles under such managers as Belasco, Frohman, Shubert, and Brady.

His first screen work was in "The Pit" in 1914, but it was not until three years later that he gave his entire attention to motion pictures. Since then he has starred in many photoplays, notably "The Sea Hawk," "Men of Steel," and "The Silent Lover." He is now attached as star to the First National Pictures Corporation.

Mr. Sills is said to be the only motion picture actor who does not employ a press agent or take a press clipping service. He is a keen student of everything pertaining to his profession but is almost equally interested in art, music, philosophy, and horticulture and is, besides, an all-around athlete. His general culture and many-sided development have given him a unique position as not only an able exponent but a brilliant interpreter of all that is best in the art of the photoplay.

DEATH OF MARCUS LOEW

Almost at the moment of going to press the editors of this volume and all who contributed to its pages were shocked to learn of the sudden death of Marcus Loew. He was in poor health at the time of his lecture but refused to disappoint his audience by sending a substitute to discuss the subject assigned him. This courage and fidelity were characteristic of the man throughout his successful and honorable career.

APPENDIX B

THE FILM LIBRARY AT HARVARD

(Extracts from an article by W. A. Macdonald in the *Boston Transcript* of April 2, 1927.)

In the meantime, James W. D. Seymour, who is secretary of the university for information and alumni affairs, suggested to Professor Paul Sachs, associate director of the Fogg Art Museum, that if films, past and present, could be obtained and preserved, they might be of value to the museum and the Fine Arts Department. Dr. Sachs thought there were great possibilities in this suggestion and felt that the plan ought to be laid before a group potentially interested which included, besides himself, Edward W. Forbes, director of the Fogg Museum, George H. Chase, dean of the Graduate School of Arts and Sciences and professor of fine arts, Archibald C. Coolidge, professor of History and director of the University Library, and Chandler R. Post, professor of Greek and Fine Arts.

A luncheon was given on January 14 to the group proposed, and in the same week George H. Edgell, professor of Fine Arts and dean of the Faculty of Architecture, was consulted. The attitude of the whole group was one of unqualified enthusiasm, but they wanted to know what President Lowell would think, so Professor Sachs and Professor Post for the Fine Arts Department saw him

in a few days and he said, "All right." Then Sachs, Forbes, and Chase, with Joseph P. Kennedy and Seymour, drew up a letter to Will Hays to submit to the motion picture industry. Hays at once took the matter up with the movie men then on the Pacific Coast.

Here was the old red brick college at one end of the line and the magnificence of the industry in California at the other. The movie men were the upgrowth of an industry that has been accused of everything uncomplimentary in sensationalism; the Cambridge men who were interested have been charged institutionally with most of the terrors of a low-brow nation. They were getting together. It was very strange. It was even sensational.

Some telegraphic correspondence followed, and Mr. Hays suggested the drawing up of a plan by Harvard for the producers to conform to. Then, on February 11, Professor Sachs and Mr. Seymour met Mr. Hays in New York. The detailed plan was in the meantime being drawn up at Harvard, by Professor Post and Mr. Seymour. Harvard gave the plan to Mr. Kennedy, who forwarded it to the motion picture organization. On March 15, at Professor Forbes' home, after a meeting of the fine arts and business groups, the story of the archive, or film library, was given to the public.

* * * *

THE ANNOUNCEMENT OF THE UNIVERSITY

(To which reference is made in Mr. Macdonald's article.)

In the belief that the achievements in motion pictures deserve recognition as part of the cultural development

of the country and must be considered in any serious historical and technical study of art, the Department of Fine Arts of Harvard University, in association with the Fogg Museum and the University Library, plans to establish immediately a library and archive of films. With the cooperation of Will H. Hays, president of the Motion Picture Producers and Distributors of America, Inc., and of the producers themselves, this collection will be formed to serve the double purpose of recording the evolution of the moving picture from its beginning to the present day and of selecting annually those films which are deemed worthy of preservation as works of art. It is hoped that it will be possible to use as the criterion of choice the harmonious synthesis of pictorial, narrative, dramatic, and histrionic qualities. The collection will undoubtedly be augmented eventually by the addition of cinematographic literature. The purpose is not to cover the field contemplated by the archives in Washington for the preservation of historical and current events films.

In order to constitute and operate this archive, a committee of the Harvard Faculty, acting as a jury of award, after gathering from all available sources representative films of the past of the highest quality, will select in January of each year the films of the preceding twelve months which, in its judgment, should be included in a library of this character. The announcement of its selections will be made public on March 1 of each year. The enterprise contemplates also an annual or semiannual formal presentation of the chosen films before members of the University and their guests.

THE STORY OF THE FILMS

DETAILS OF THE HARVARD PLAN

1. The double purpose is to collect an archive of the past and an archive of the present.

2. The library and archive will consist, if practicable: (1) of two positives of every film selected; (2) of "stills," enlargements from sections of the films, and selected writings about the films; (3) of such literature on the art of the motion pictures as may be available and deemed worthy of preservation by the Committee.

3. The Committee to serve as jury of award will be selected from the faculties of Harvard University and will be elastic in size.

4. The Committee will not be limited in the number of films to be selected in any year.

5. The selections will be made in January of each year for the films produced during the preceding twelve months, and the announcement of such selection will be made public by March first.

6. If the problem of danger from inflammability can be overcome, the archive will be housed in the new Fogg Museum of Art. It may be that temporarily the films will be placed in the new library of the Harvard Business School or in the Widener Library.

7. Of the two positives of each film selected, one will be available for possible exhibition before students and other University groups; the other will be set aside for permanent preservation in the archive.

8. It will be agreed that the films in the archive will be shown by the University only to members of the University or guests of the University. It will be agreed fur-

thermore that there will be no sale of tickets for such showing, no showing of the films outside the University, and no loan of them to other institutions except under arrangements which shall be agreed to by the companies owning the films and satisfactory to them.

9. For the time being, foreign films will not be considered by the Committee.

10. The cooperation of the industry and of interested organizations and individuals in bringing to the attention of the Committee films for its consideration is essential. Suggestions of films to be considered in any year will not be received by the Committee after January first.

11. There should be opportunity for members of the Committee to view any film deemed worthy of consideration, which for any reason may have been missed in public showing.

12. The Committee shall publish regularly and send to the various organizations in the industry notices of the plans for each year. This will allow the organizations to present their recommendations at the proper time and to call to the attention of the Committee forthcoming productions in which the Committee might be interested.

13. It is contemplated that a series of showings of the selected films will be made at the University during the spring of each year. The Committee will follow the advice and wishes of the industry in the matter of deciding whether the reasons for the selections and awards will be stated publicly, sent to the producers of the films, or held as confidential by the Committee.

14. The Committee shall be at liberty to recognize

special merit in production or direction on the part of individuals or individual firms.

15. The selection each year of films for preservation in the archive will include formal notification by the Committee of the firm which has made any of the films chosen.

* * * *

In accordance with these plans, a committee of selection was appointed by the chairman of the Division of Fine Arts. The six members of this first committee were Chandler R. Post, professor of Greek and Fine Arts, as chairman, Martin Mower, instructor in Fine Arts, Meyric C. Rogers, professor of Fine Arts, Ralph B. Perry, professor of Philosophy, John T. Murray, professor of English, and James W. D. Seymour.

APPENDIX C

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